

Reserve Study and Funding Analysis Report

Villa Monterey - Unit III

Scottsdale, AZ

For Fiscal Year: 2025

Date Prepared: February 3, 2025



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Introduction

Description of Reserve Study Report

The purpose of a reserve study is to give those overseeing the maintenance of the property advanced notice of what major expenses to expect and an educated estimate of when these expenses will occur. With this knowledge, the homeowners' association board or manager can create a budget so association members will make their fair share of reserve contributions, designed to offset the slow but steady ongoing reserve component deterioration of the association assets, and avoid being surprised by components that deteriorated often in plain sight and over several years. In addition, the reserve study provides important annual disclosures to association members (and prospective buyers) about the condition of common area components, and the level of preparedness, or strength, of the reserve fund. A reserve study is a roadmap that allows decisions to be made which will be efficient and effective for the long term.

Funding Methodology and Models

This reserve funding report is based on the Cash Flow Methodology using the Threshold Funding Model.

1. **Cash Flow (Pooled) Method:** In this approach, the reserve fund is treated as a single large pool of money. Expenses for any individual component (such as maintenance, repairs, or replacements) are withdrawn from this shared reserve fund. The advantage of the Cash Flow method lies in its flexibility. HOAs can manage expenses and funds more dynamically. However, a flexible reserve account can sometimes lead to overspending.
1. **Threshold Funding Model:** In this model, the Reserve funding goal is to maintain the Reserve balance above a certain threshold. Generally, this threshold is set lower than the Fully Funding Strategy. Associations choose this approach based on their tolerance for special assessments and risk management. The Threshold Funding Model is a crucial aspect of maintaining a healthy reserve fund for homeowners' associations. The recommended threshold percentages are based on association size and infrastructure diversity:

Smaller Associations with less diversity in their infrastructure, face higher risks due to limited resources. To mitigate these risks, smaller associations are advised to target a higher threshold percentage. **A threshold percentage of 70% to 80% may be more suitable for smaller associations.** Remember that these percentages serve as general guidelines, and each association's specific circumstances should be considered.

Summary

The Preparer's Report

This reserve study report is prepared using the *Reserve Funding Analyzer* software in accordance with generally accepted reserve study standards and software as recommended by the *International Capital Budgeting Institute*, the *Foundation for Community Association Research*, and the *Community Associations Institute*.

Current Financial Summary Position

Current Financial Summary Position

As of Date 31 December 2024

Current Replacement Cost of All Components at Start of Year 2025	\$ 213,628
Replacement Costs of All Components at Next Service	\$ 294,699
Replacement Costs of All Components for All Future Replacements <i>(over the next 30)</i>	\$ 817,054
Reserve Fund Balance at Start of Year 2025	\$ 55,092
Operational Fund Fund Balance at Start of Year 2025	\$ 7,779
Total of Reseve Fund & Operational Expense Fund Balance at SOY 2025	\$ 62,871
100% Funded Amount as of start of year 2025	\$ 106,633
Percent Funded as of start of year 2025	59%
Reserve Surplus / Deficit of FFB - Average per Unit start of year 2025	-\$416
Projected Total Reserve Contribution in year 2025	\$ 27,213
Annual Reserve Contribution per unit in year 2025	\$ 219
Projected Special Assessments	\$ 0
Projected Inflation Rate (Operating Expenses)	2.5%
Projected Inflation Rate (Reserve Expenses)	2.5%
Projected Interest Rate for Earnings of Reserve Fund	2.0%
Current Reserve Funding Strength:	Fair
Current Risk of Special Assessment:	Low

Included Components – Definition

Reserve expenses for components are major expenses which must be budgeted for in advance to provide the necessary funds in time for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. They are expenses that when incurred would have a significant impact on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance.

A common concern when beginning a reserve study is what components are to be included and funded for in the Reserve Study. Nationally recognized reserve study standards indicate reserve components need to meet the following criteria:

- The component is part of the community's common elements.
 - The component is not already covered in a maintenance contract.
 - The component is not included in another part of the community's budget.
- The component's replacement or project costs are greater than the threshold amount imposed by the community.
- The component has a limited life expectancy.
- The component has a reasonably defined remaining useful life.

Excluded Components – Definition

Some common area components may have been left out of the study or included in the component list but "Unfunded" and not considered in the mathematical models. These components will typically fall into one or more of the categories listed below.

- **Component Covered under Maintenance Contract** – The component's ongoing maintenance / replacement is performed as part of the services secured by a maintenance contract.
- **Component Costs Below Threshold** – Component repair and/or replacement costs that are deemed too small to be considered reserve expenses are typically included in the operational or maintenance budget have not been funded for in this study.
- **Useful Life is One Year or Less** – These occur at least annually and can be effectively budgeted for each year as part of the operational expenses. They are characterized as being reasonably predictable both in terms of frequency and cost.
- **Useful Life is Very Long, Unpredictable** – Components which, when properly maintained, have an exceedingly long useful life with no predictable replacement cycle.
- **Useful Life Cannot be Determined** – Components where the useful life cannot be determined.
- **Not Part of Common Elements** – Improvements made to the property that fall outside the responsibility of the association. Typically, these are components where the responsibility falls to individuals or organizations other than the association such as individual unit owners or parties such as governmental agencies, utility companies, the US Postal Service, etc.

Community Profile and Account Summary

The following table is a summary of the community and the current financial status.

Table 1: Community Profile and Account Summary

Community Profile and Account Summary	
As-Of Date this Analysis: 31 December 2024	
Community: Villa Monterey - Unit III	
Number of Units:	124
Start Year for Analysis:	2025
Reserve Fund Balance at SOY 2025:	\$ 55,092
Operational Expense Fund Balance at SOY 2025:	\$ 7,779
Total of Reserve Fund & Operational Expense Fund Balance at SOY 2025:	\$ 62,871
Recommended 2025 Annual Reserve Contribution:	\$ 27,213
Reserve Fully Funded Balance (FFB) at SOY 2025:	\$ 106,633
Reserve Funding Percent of FFB at SOY 2025:	59%
Deficit or Surplus per unit of the FFB at SOY 2025: *	-\$ 416
Reserve Funding Strength at SOY 2025:	Fair
Risk of Special Assessment at SOY 2025:	Low
Outstanding Balance of Existing Loans (from years prior to 2025):	\$ 0
Anticipated Loans in Current Year (2025):	\$ 0
Tax Liability Not Included in Analysis:	

* A surplus or deficit does not imply that a refund or assessment is suggested. The surplus or deficit represents the amount compared to the calculated value of the FFB.

Note: Any surplus or deficit noted in the above summary applies to the Fully Funded Balance and does not suggest that a refund should be applied (in the case of a surplus) or that an assessment is required (in the case of a deficit).

Financial Assumptions and Recommendations

Certain assumptions must be adopted to develop the financial analysis for this study. These include assumptions about the community and specific economic assumptions. The association must carefully monitor these assumptions and update the financial analysis should any of them change. The following table summarizes the basic recommendations which were derived from the use of the stated assumptions and disclosures about financial calculations used in this analysis.

Table 2: Assumptions, Recommendations and Disclosure Summary

Summary – Assumptions, Recommendations & Disclosures

Beginning Assumptions

Number of Units:	124
Start Year for Analysis:	2025
Estimated First Year (2025) Reserve Contribution:	\$ 27,213
Annual Fees Income for 2024:	\$ 80,476
Year 2025 Special Assessment:	\$ 0

Economic Assumptions

Long-term inflation rate for Reserve Exp (CAPEX):	2.50%
Long-term inflation for Operating Exp (OPEX):	2.50%
Short-term Inflation for OPEX (only in year of 2025):	2.50%
Interest rate on Reserve Balance:	2.00%

Current Reserve Status

Reserve Fund Balance at Start of Year 2025:	\$ 55,092
Operational Fund Fund Balance at Start of Year 2025: *	\$ 7,779
Total of Reserve Fund & Operational Expense Fund Balance at SOY 2025:	\$ 62,871
Reserve Fully Funded Balance (FFB) at SOY 2025:	\$ 106,633
Reserve Funding Percent of FFB at SOY 2025:	59%
Estimated First Year (2025) Reserve Contribution:	\$ 27,213

Recommendations for next 10 Years

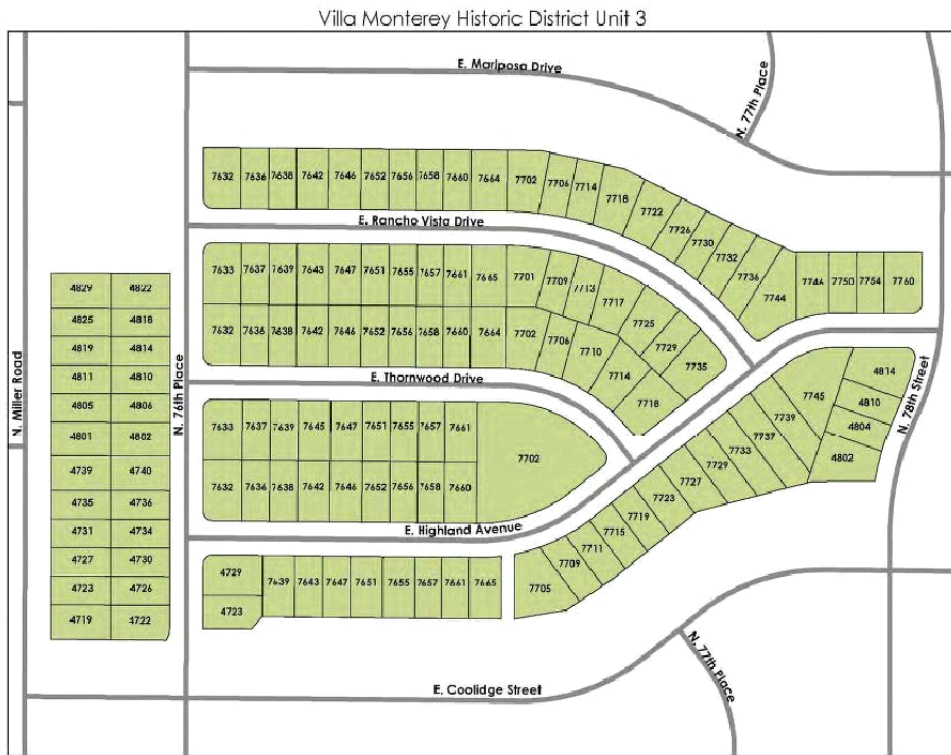
Total Special Assessments 2025 to 2035:	\$ 0
Avg Ann Reserve Contribution 2025 to 2035:	\$ 26,896
Avg Annual HOA fees % Increase 2025 to 2035:	2.05%

Disclosures

- General calculations use Cash Flow Funding methodology.
- The Percent Funded and the Fully Funded Balance determined using the Inflation Adjusted methodology as defined by the International Capital Budgeting Institute.
- The earned interest on the reserve fund is calculated separately and is included as part of the ongoing income, therefore, the interest rate on the reserve fund is not included in the calculation of the Fully Funded Balance.
- Estimated future reserve component major repair and replacement costs are based on current or actual replacement costs projected to the estimated repair or replacement date and then projected forward by applying an inflation rate of 2.50%.
- Estimated future Operating Expenses are based upon the current expenses and then projected forward by applying an inflation rate of 2.50%.

The operations expense fund account is assumed to be a Zero Balance Account (ZBA). The account balance of \$0 is maintained and any funds needed in the account is automatically transferred from a central or master account. Any actual balance in the operations fund account is assumed, for analysis purposes, to be included in the Reserve Fund Account balance.

Site Map



Reserve Study Parameters

Table 3: Reserve Study Parameters

Reserve Study Parameters	
Level of Reserve Study: Class II: Update with Site Visit	
Report Period:	Fiscal Year 2025
Interest rate on Reserve Balance:	2.00%
Long-term inflation rate for Reserve Exp (CAPEX):	2.50%
Long-term inflation for Operating Exp (OPEX):	2.50%
Short-term Inflation for OPEX (only in year of 2025):	2.50%
Funding Methodology: Cash Flow	
Funding Strategy:	Threshold Funding
Funding Threshold Target:	70%
As of Date:	31 December 2024
No. of Reserve Components in this Analysis:	52
No. of Structural Integrity (SI) Components:	0

Preparation

- Prior reserve studies, if available, were used as references for this analysis as a baseline for identification of reserve asset components.
- The Association Manager, members of the Association Board or other party conducted an inventory of the reserve assets:
 - If available, prior reserve studies reserve assets inventory
 - Conduct current inventory of reserve assets
 - Verified that no assets were overlooked or if assets should be excluded
 - Condition of assets and useful life was evaluated by the association manager, knowledgeable members of the association and/or outside service providers
 - Review historical records for component maintenance frequency and costs
 - Assess component useful life based on how long past component maintenance endured

Assumptions

- The physical inventory and condition assessment of all physical assets is complete.
- The component replacement cost estimates are reasonably accurate.
- Projected future financial requirements to fund the reserve components are accumulated based on actual costs or current estimated costs. Future expenditures are thereby estimated using the inflation assumptions stated herein.
- Estimates for current and future operational expenses are reasonably accurate. This includes annual expenses such as insurance, administration, and maintenance. Future operational expenses are projected to rise at the projected inflation rate.

Funding Goals

- Provide sufficient funds when required
- Achieve and sustain a targeted percent funding of the Fully Funded Balance of the reserve fund

- Enable a stable contribution rate over the years
- Evenly distribute contributions over the years
- Minimize the need for special assessments
- Be fiscally responsible

It is a common misconception that an HOA or community should maintain 100% of the fully funded balance. As a performance indicator, percent funding is used as a measure of the health of the reserve fund and a percent funding range of 70% to 100% is commonly adopted as a target percentage as it has been statistically shown that communities that maintain their percent funding in this range are far less likely to experience emergency assessments or deferral of maintenance. They can easily weather unexpected expenses and economic downturns. The actual percent funding target is used as a performance indicator and can vary according to unique circumstances.

Other than the performance indicator described above, percent funded has limited value, and that value is restricted to measuring current or projected balance against a theoretical 100% funded calculation. Other than already described, the only real purpose for calculating percent funded is to provide an indicator of the fairness of the reserve or maintenance assessments (fees). If an association is constantly 100%, that would provide an indication that current owners are paying for their fair share of use of the components, assuming a straight-line time decay factor of components. At any percentage less than 100%, it would indicate that current owners might be paying less than their fair share, and future owners will have to make up the difference.

Funding Summary

Goals of Funding Analysis

The goals of a Funding Analysis are to:

- establish funding goals
- identify annual funding requirements
- disclose limitations and assumptions

Once the components' estimated useful life, estimated remaining life, and estimated current replacement costs are identified, only then can the association develop a plan for funding the reserve account. This funding plan specifies future reserve cash needs and planned methods to offset the ongoing deterioration of the reserve components.

In preparing the funding plan, the association will have to make decisions about the amount of current assessments and the need for special assessments, balanced against projected liability. The law does not require the funding of projected replacement costs, only an explicit description of the plan for such funding, among other specific disclosures. The financial viability of the association will depend a great deal on the ability of the association to replace components as they wear out and not to defer major maintenance items.

A product of the Funding Analysis process is the development of a funding plan (cash flow forecast or projection) to estimate future reserve cash receipts and disbursements. This Reserve Study documents the funding plan with documented supporting assumptions and methodology.

Current Reserve Fund Percent Funding

Figure 1: Current Percent Funding



Percent Funding Scale	
Weak 0% - 30%	Fair 30% - 70%
Strong 70% - 100%	Overfunded > 100%

Current Income

The primary source of an association's income is from annual maintenance assessments or fees. Other sources can also include the sale of assets and rental of facilities. The following summarizes the sources of income used in this reserve study.

Table 4: Current Income Sources

Current Funding Summary for Year 2025		
Income Type	Amount	Current Special Assessments
Association Annual Fees Income for 2024:	\$ 80,476	
Association Annual Fees Income for 2025:	\$ 80,476	
Interest on Reserve Fund:	2.00%	
Loans:	\$ 0	
Other Annual Income:	\$ 18,000	
Year	Amount	

Current Expenses

Table 5: Current Expenses

Current Expenses	
Operating Expenses for Year 2024:	\$ 70,752
Estimated Operating Expenses for Year 2025:	\$ 72,521
2024 to 2025 OPEX inflation (Short-term):	2.50%
2026 to 2055 OPEX inflation (Long-term):	2.50%
Current Loan Payments:	\$ 0

Operating expenses should not include reserve contributions

30-Year Financial Projection

The reserve fund characteristics will vary over the next 30 years:

- Reserve Fund Balance
- Reserve Fund Contribution
- Reserve Funding Percent of FFB

The following table summarizes these performance indicators.

Table 8: 30-Year Financial Projection

30-Year Financial Projection	
Minimum Reserve Fund Balance:	-\$ 20,136
Maximum Reserve Fund Balance:	\$ 208,910
Minimum Annual Reserve Fund Contribution:	-\$ 3,401
Maximum Annual Reserve Fund Contribution:	\$ 28,654
Minimum Reserve Funding Percent of FFB:	13%
Maximum Reserve Funding Percent of FFB:	99%
Average Annual Reserve Funding Percent of FFB:	77%

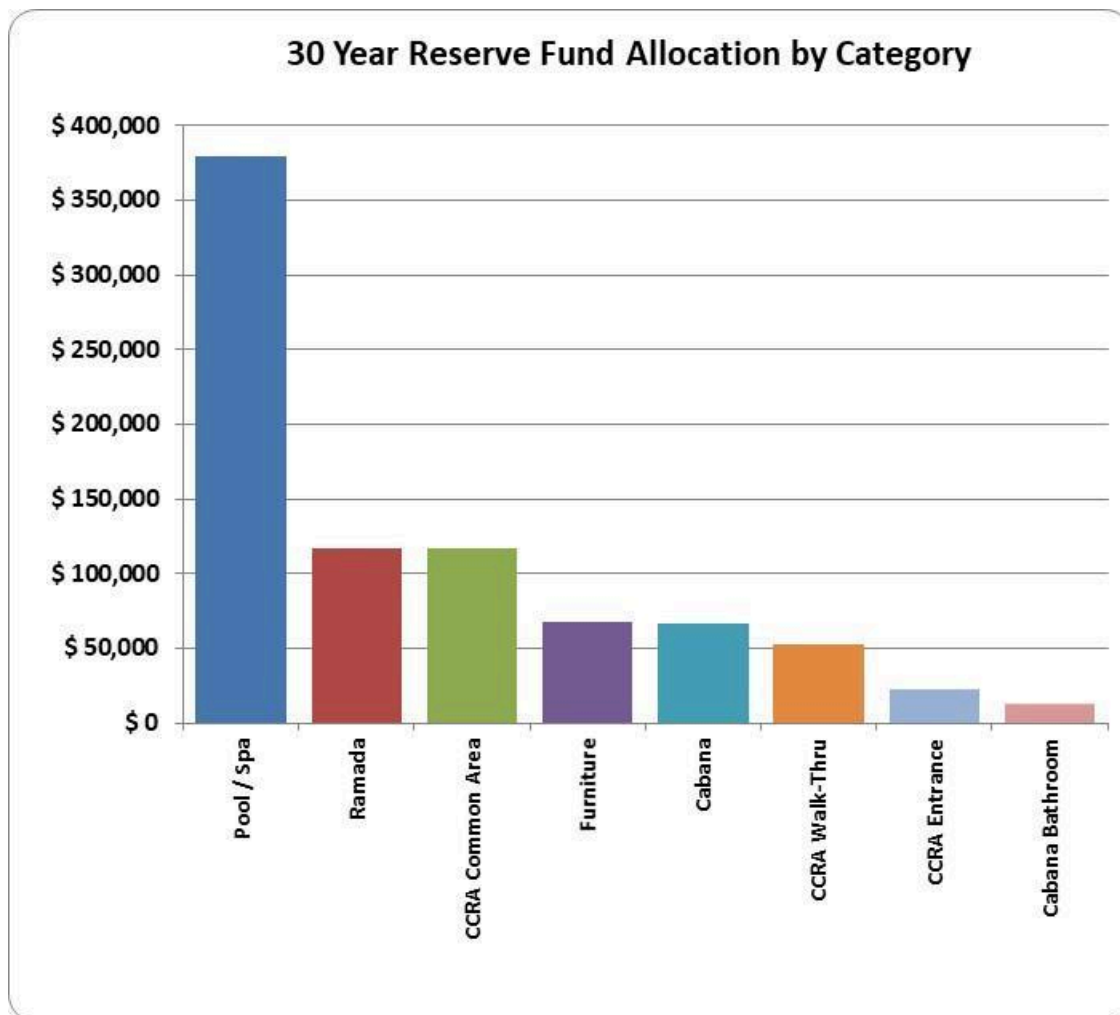
Reserve Components

Reserve expenses for components are major expenses which must be budgeted for in advance to provide the necessary funds in time to cover the necessary maintenance or replacement as components deteriorate. Reserve expenses are reasonably predictable both in terms of frequency and cost. They are expenses that, if not reserved, would likely have a significant impact on the budgetary process from one year to the next.

Reserve Fund Allocation

The following chart illustrates the reserve fund allocation of the included reserve components. Attention should be given to those component categories which are a large percentage of the allocated costs as these may require significant planning to adequately budget for their replacement. These large expenses may be well into the future during "Peak Year" cycles.

Figure 2: 30 Year Reserve Fund Allocation



Component Inventory Included in Analysis

The following components are included in this Reserve Study financial analysis.

Table 9: Reserve Component Inventory

Summary Component Analysis

Item	Structural Integrity Component	Category	Reserve Component Name	Replacement Cost	Replacement Cost Basis	Estimated Start of Year (2025) Replacement Cost	Last or Scheduled Service Year	Est Useful Life (yrs)	Useful Life Adjust (yrs)	Remaining Useful Life (yrs)	Qty	Unit of Measure	Next Service Year	Est Cost at Next Service
1		Cabana	Cabana Electric Panel Update	\$ 3,300	Actual Cost	\$ 3,383	2024	30		29	1	each	2054	\$ 6,922
2		Cabana	Cabana Interior Painting	\$ 1,150	Actual Cost	\$ 1,269	2021	10		6	1	each	2031	\$ 1,472
3		Cabana	Cabana Molding Repair & Paint	\$ 3,000	Actual Cost	\$ 3,231	2022	10		7	1	each	2032	\$ 3,840
4		Cabana	Cabana Roof	\$ 5,063	Actual Cost	\$ 6,018	2018	20		13	1	each	2038	\$ 8,296
5		Cabana	Paint Cabana	\$ 1,534	Actual Cost	\$ 1,823	2018	10		3	1	each	2028	\$ 1,964
6		Cabana	Table & Chairs Refurbishing	\$ 4,367	Actual Cost	\$ 4,820	2021	10		6	1	each	2031	\$ 5,590
7		Cabana Bathroom	Reburbish Bathrooms	\$ 1,915	Actual Cost	\$ 2,167	2020	10		5	1	each	2030	\$ 2,451
8		Cabana Bathroom	Tile Installation	\$ 5,850	Actual Cost	\$ 6,619	2020	50		45	1	each	2070	\$ 20,107
9		Cabana Bathroom	Windows	\$ 1,500	Actual Cost	\$ 1,538	2024	20		19	1	each	2044	\$ 2,458
10		CCRA Common Area	Courtyard Wall Repair & Paint	\$ 9,950	Actual Cost	\$ 10,454	2023	6		4	1	each	2029	\$ 11,539
11		CCRA Common Area	Courtyard West Wall Repair & Paint	\$ 2,680	Actual Cost	\$ 2,886	2022	6		3	1	each	2028	\$ 3,108
12		CCRA Common Area	Gate Updates (locks, keys, grid)	\$ 2,150	Actual Cost	\$ 2,204	2024	20		19	1	each	2044	\$ 3,523
13		CCRA Common Area	Lamp Posts (5 at \$170 each)	\$ 850	Actual Cost	\$ 1,428	2004	30		9	1	each	2034	\$ 1,783
14		CCRA Common Area	Paint Gate	\$ 724	Actual Cost	\$ 840	2019	10		4	1	each	2029	\$ 927
15		CCRA Common Area	Security Lighting Common Area	\$ 3,425	Actual Cost	\$ 4,277	2016	25		16	1	each	2041	\$ 6,350

Summary Component Analysis

16		CCRA Entrance	Coolidge Fountain Irrigation Repair	\$ 2,500	Actual Cost	\$ 2,899	2019	15		9	1	each	2034	\$ 3,621
17		CCRA Entrance	Historic Street-post Signs	\$ 886	Actual Cost	\$ 1,134	2015	10		0	4	each	2025	\$ 1,134
18		CCRA Entrance	Miller/Northland Entrance Repair	\$ 1,339	Actual Cost	\$ 1,631	2017	10		2	1	each	2027	\$ 1,714
19		CCRA Walk-Thru	North Walkthru Repair & Paint	\$ 1,900	Actual Cost	\$ 2,046	2022	6		3	1	each	2028	\$ 2,203
20		CCRA Walk-Thru	South Walkthru Repair & Paint	\$ 2,000	Actual Cost	\$ 2,154	2022	6		3	1	each	2028	\$ 2,319
21		CCRA Walk-Thru	West Walkthru Repair & Paint	\$ 2,680	Actual Cost	\$ 2,886	2022	6		3	1	each	2028	\$ 3,108
22		Furniture	Cushions for Loungers	\$ 1,000	Actual Cost	\$ 1,131	2020	5		0	1	each	2025	\$ 1,131
23		Furniture	Pool Loungers	\$ 3,000	Actual Cost	\$ 3,394	2020	15		10	1	each	2035	\$ 4,345
24		Furniture	Pool Side Tables and Chairs	\$ 3,000	Actual Cost	\$ 3,394	2020	15		10	1	each	2035	\$ 4,345
25		Furniture	Ramada Tables(12) & Chairs(70)	\$ 8,000	Actual Cost	\$ 11,586	2010	20		5	1	each	2030	\$ 13,109
26		Pool / Spa	Ozone System	\$ 2,443	Actual Cost	\$ 2,631	2022	25		22	1	each	2047	\$ 4,529
27		Pool / Spa	Pavers Cleaning (Deck,Tile)	\$ 3,500	Actual Cost	\$ 4,371	2016	10		1	1	each	2026	\$ 4,480
28		Pool / Spa	Pool & Spa Plaster Finish	\$ 12,000	Actual Cost	\$ 16,956	2011	20		6	1	each	2031	\$ 19,663
29		Pool / Spa	Pool Filter #1 (North)	\$ 3,500	Actual Cost	\$ 4,480	2015	10		0	1	each	2025	\$ 4,480
30		Pool / Spa	Pool Filter #1 (North) Motor	\$ 1,350	Actual Cost	\$ 1,728	2015	10		0	1	each	2025	\$ 1,728
31		Pool / Spa	Pool Filter #1 (North) Pump	\$ 700	Actual Cost	\$ 896	2015	10		0	1	each	2025	\$ 896
32		Pool / Spa	Pool Filter #2 (South)	\$ 3,500	Actual Cost	\$ 4,480	2015	10		0	1	each	2025	\$ 4,480
33		Pool / Spa	Pool Filter #2 (South) Motor	\$ 1,720	Actual Cost	\$ 1,763	2024	10		9	1	each	2034	\$ 2,202
34		Pool / Spa	Pool Filter #2 (South) Pump	\$ 700	Actual Cost	\$ 896	2015	10		0	1	each	2025	\$ 896
35		Pool / Spa	Pool Heater	\$ 8,372	Actual Cost	\$ 10,200	2017	9		1	1	each	2026	\$ 10,455
36		Pool / Spa	Pool Tile Repair	\$ 4,000	Actual Cost	\$ 4,995	2016	10		1	1	each	2026	\$ 5,120
37		Pool / Spa	Spa Filter	\$ 3,500	Actual Cost	\$ 3,677	2023	6		4	1	each	2029	\$ 4,059

Summary Component Analysis

38		Pool / Spa	Spa Filter Pump	\$ 1,057	Actual Cost	\$ 1,256	2018	8		1	1	each	2026	\$ 1,288
39		Pool / Spa	Spa Heater	\$ 8,648	Actual Cost	\$ 9,546	2021	5		1	1	each	2026	\$ 9,784
40		Pool / Spa	Spa Safety Shutoff Switch	\$ 1,259	Actual Cost	\$ 1,460	2019	10		4	1	each	2029	\$ 1,612
41		Pool / Spa	Spa Therapy Pump	\$ 2,500	Actual Cost	\$ 3,532	2011	20		6	1	each	2031	\$ 4,097
42		Pool / Spa	Spa Tile Repair	\$ 1,500	Actual Cost	\$ 1,873	2016	10		1	1	each	2026	\$ 1,920
43		Ramada	Oven	\$ 1,075	Actual Cost	\$ 1,102	2024	20		19	1	each	2044	\$ 1,762
44		Ramada	Paint Ramada	\$ 1,180	Actual Cost	\$ 1,403	2018	10		3	1	each	2028	\$ 1,510
45		Ramada	Ramada Electric Update	\$ 5,000	Actual Cost	\$ 5,657	2020	30		25	1	each	2050	\$ 10,488
46		Ramada	Ramada Fascia Board & Paint	\$ 6,000	Actual Cost	\$ 6,461	2022	8		5	1	each	2030	\$ 7,310
47		Ramada	Ramada Roll-down Curtains	\$ 12,000	Actual Cost	\$ 15,361	2015	30		20	1	each	2045	\$ 25,171
48		Ramada	Ramada Structure	\$ 8,500	Actual Cost	\$ 10,881	2015	50		40	1	each	2065	\$ 29,215
49		Ramada	Ramada Tar Paper Roof	\$ 3,000	Actual Cost	\$ 3,231	2022	15		12	1	each	2037	\$ 4,345
50		Ramada	Refrigerator	\$ 800	Actual Cost	\$ 975	2017	15		7	1	each	2032	\$ 1,159
51		Ramada	Sink hot water and drainage	\$ 2,150	Actual Cost	\$ 2,204	2024	15		14	1	each	2039	\$ 3,114
52		Ramada	Ramada Heaters (radiant)	\$ 6,243	Actual Cost	\$ 6,399	2024	25		24	1	each	2049	\$ 11,574

Income and Expenses

The funding plan of this reserve study will help the association’s reserve account to be highly funded over the next 30 years. This requires a recommended allocation amount into the reserve account.

The following table summarizes each year's incomes and expenses and includes the following elements to derive the Annual Maintenance Assessments (or Fees) and Annual Reserve Contributions:

- Annual reserve balance
- The fully funded balance of all reserve components
- Total income
- Total expenses (reserve components, operational and loans)

This funding plan considers four basic principles:

1. There are adequate reserves when needed.
2. The budget should remain stable but increasing to offset inflationary factors.
3. The costs are well distributed over time.
4. The funding plan must allow the Association to be fiscally responsible.

Table 11: Projected Income & Expenses Summary

Summary Table of Annual Incomes and Expenses																			
Incomes										Expenses									
Year	Start of Year Reserve Balance ¹	Fully Funded Balance	Start Of Year Percent Funded	Reserve Fund Deficiency from FFB (per unit)	Special Assessments	Total Annual Maintenance Assessments	Loans	Reserve Balance Interest Income	Other Incomes	Total Annual Income	Operating Expenses	Loan Expenses (payments)	Special Projects	Total All Reserve Expenses ²	Estimated Annual Taxes	Total Expenses	Annual Reserve Contribution (less loans) ³	Reserve Contrib as Pct of Total Income	EOY Reserve Balance ⁴
2025	\$ 62,871	\$ 106,638	59%	-\$ 353	\$ 0	\$ 80,476	\$ 0	\$ 1,257	\$ 18,000	\$ 99,733	\$ 72,521	\$ 0	\$ 0	\$ 14,745	\$ 0	\$ 87,266	\$ 27,213	27%	\$ 75,339
2026	\$ 75,339	\$ 112,367	67%	-\$ 299	\$ 0	\$ 80,476	\$ 0	\$ 1,507	\$ 18,000	\$ 99,983	\$ 74,334	\$ 0	\$ 0	\$ 33,047	\$ 0	\$ 107,381	\$ 25,649	26%	\$ 67,941
2027	\$ 67,941	\$ 99,940	68%	-\$ 258	\$ 0	\$ 80,476	\$ 0	\$ 1,359	\$ 18,000	\$ 99,835	\$ 76,192	\$ 0	\$ 0	\$ 1,714	\$ 0	\$ 77,906	\$ 23,643	24%	\$ 89,869
2028	\$ 89,869	\$ 119,785	75%	-\$ 241	\$ 0	\$ 80,476	\$ 0	\$ 1,797	\$ 18,000	\$ 100,273	\$ 78,097	\$ 0	\$ 0	\$ 14,212	\$ 0	\$ 92,309	\$ 22,176	22%	\$ 97,834
2029	\$ 97,834	\$ 127,793	77%	-\$ 242	\$ 0	\$ 88,524	\$ 0	\$ 1,957	\$ 18,000	\$ 108,480	\$ 80,049	\$ 0	\$ 0	\$ 38,137	\$ 0	\$ 98,186	\$ 28,431	26%	\$ 108,128
2030	\$ 108,128	\$ 132,470	82%	-\$ 196	\$ 0	\$ 90,383	\$ 0	\$ 2,163	\$ 18,000	\$ 110,540	\$ 82,051	\$ 0	\$ 0	\$ 24,150	\$ 0	\$ 106,201	\$ 28,495	26%	\$ 112,472
2031	\$ 112,472	\$ 131,600	85%	-\$ 154	\$ 0	\$ 92,281	\$ 0	\$ 2,249	\$ 18,000	\$ 112,530	\$ 84,102	\$ 0	\$ 0	\$ 41,892	\$ 0	\$ 125,994	\$ 28,428	25%	\$ 99,008
2032	\$ 99,008	\$ 113,038	88%	-\$ 113	\$ 0	\$ 94,219	\$ 0	\$ 1,980	\$ 18,000	\$ 114,199	\$ 86,204	\$ 0	\$ 0	\$ 4,999	\$ 0	\$ 91,203	\$ 27,994	25%	\$ 122,003
2033	\$ 122,003	\$ 132,354	92%	-\$ 83	\$ 0	\$ 96,197	\$ 0	\$ 2,440	\$ 18,000	\$ 116,637	\$ 88,360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,360	\$ 28,278	24%	\$ 150,281
2034	\$ 150,281	\$ 157,818	95%	-\$ 61	\$ 0	\$ 98,217	\$ 0	\$ 3,006	\$ 18,000	\$ 119,223	\$ 90,569	\$ 0	\$ 0	\$ 21,628	\$ 0	\$ 112,197	\$ 28,654	24%	\$ 157,307
2035	\$ 157,307	\$ 162,303	97%	-\$ 40	\$ 0	\$ 100,280	\$ 0	\$ 3,146	\$ 18,000	\$ 121,426	\$ 92,833	\$ 0	\$ 0	\$ 58,712	\$ 0	\$ 151,545	\$ 28,593	24%	\$ 127,189
2036	\$ 127,189	\$ 129,457	98%	-\$ 18	\$ 0	\$ 102,386	\$ 0	\$ 2,544	\$ 18,000	\$ 122,929	\$ 95,154	\$ 0	\$ 0	\$ 27,272	\$ 0	\$ 122,426	\$ 27,776	23%	\$ 127,693
2037	\$ 127,693	\$ 128,597	99%	-\$ 7	\$ 0	\$ 104,536	\$ 0	\$ 2,554	\$ 18,000	\$ 125,090	\$ 97,532	\$ 0	\$ 0	\$ 6,539	\$ 0	\$ 104,071	\$ 27,557	22%	\$ 148,711
2038	\$ 148,711	\$ 149,565	99%	-\$ 7	\$ 0	\$ 106,731	\$ 0	\$ 2,974	\$ 18,000	\$ 127,705	\$ 99,971	\$ 0	\$ 0	\$ 21,651	\$ 0	\$ 121,622	\$ 27,735	22%	\$ 154,794
2039	\$ 154,794	\$ 156,178	99%	-\$ 11	\$ 0	\$ 108,972	\$ 0	\$ 3,096	\$ 18,000	\$ 130,068	\$ 102,470	\$ 0	\$ 0	\$ 6,363	\$ 0	\$ 108,833	\$ 27,598	21%	\$ 176,030
2040	\$ 176,030	\$ 179,253	98%	-\$ 26	\$ 0	\$ 111,261	\$ 0	\$ 3,521	\$ 18,000	\$ 132,781	\$ 105,032	\$ 0	\$ 0	\$ 19,219	\$ 0	\$ 124,251	\$ 27,750	21%	\$ 184,560
2041	\$ 184,560	\$ 190,370	97%	-\$ 47	\$ 0	\$ 113,597	\$ 0	\$ 3,691	\$ 18,000	\$ 135,288	\$ 107,658	\$ 0	\$ 0	\$ 50,539	\$ 0	\$ 158,197	\$ 27,631	20%	\$ 161,652
2042	\$ 161,652	\$ 170,321	95%	-\$ 70	\$ 0	\$ 115,983	\$ 0	\$ 3,233	\$ 18,000	\$ 137,216	\$ 110,349	\$ 0	\$ 0	\$ 6,828	\$ 0	\$ 117,177	\$ 26,867	20%	\$ 181,691
2043	\$ 181,691	\$ 195,250	93%	-\$ 109	\$ 0	\$ 118,418	\$ 0	\$ 3,634	\$ 18,000	\$ 140,052	\$ 113,108	\$ 0	\$ 0	\$ 0	\$ 0	\$ 113,108	\$ 26,945	19%	\$ 208,636
2044	\$ 208,636	\$ 228,491	91%	-\$ 160	\$ 0	\$ 120,905	\$ 0	\$ 4,173	\$ 18,000	\$ 143,078	\$ 115,935	\$ 0	\$ 0	\$ 26,868	\$ 0	\$ 142,803	\$ 27,143	19%	\$ 208,910
2045	\$ 208,910	\$ 235,733	89%	-\$ 216	\$ 0	\$ 123,444	\$ 0	\$ 4,178	\$ 18,000	\$ 145,622	\$ 118,834	\$ 0	\$ 0	\$ 49,333	\$ 0	\$ 168,167	\$ 26,789	18%	\$ 186,366
2046	\$ 186,366	\$ 220,854	84%	-\$ 278	\$ 0	\$ 126,037	\$ 0	\$ 3,727	\$ 18,000	\$ 147,764	\$ 121,805	\$ 0	\$ 0	\$ 62,510	\$ 0	\$ 184,315	\$ 25,959	18%	\$ 149,815
2047	\$ 149,815	\$ 192,841	78%	-\$ 347	\$ 0	\$ 128,683	\$ 0	\$ 2,996	\$ 18,000	\$ 149,680	\$ 124,850	\$ 0	\$ 0	\$ 33,344	\$ 0	\$ 158,194	\$ 24,830	17%	\$ 141,301
2048	\$ 141,301	\$ 194,790	73%	-\$ 431	\$ 0	\$ 131,386	\$ 0	\$ 2,826	\$ 18,000	\$ 152,212	\$ 127,971	\$ 0	\$ 0	\$ 5,693	\$ 0	\$ 133,664	\$ 24,241	16%	\$ 159,849
2049	\$ 159,849	\$ 225,911	71%	-\$ 533	\$ 0	\$ 134,145	\$ 0	\$ 3,197	\$ 18,000	\$ 155,342	\$ 131,170	\$ 0	\$ 0	\$ 20,978	\$ 0	\$ 152,148	\$ 24,172	16%	\$ 163,043
2050	\$ 163,043	\$ 242,946	67%	-\$ 644	\$ 0	\$ 136,962	\$ 0	\$ 3,261	\$ 18,000	\$ 158,223	\$ 134,450	\$ 0	\$ 0	\$ 52,999	\$ 0	\$ 187,449	\$ 23,773	15%	\$ 133,817
2051	\$ 133,817	\$ 228,408	59%	-\$ 763	\$ 0	\$ 139,838	\$ 0	\$ 2,676	\$ 18,000	\$ 160,514	\$ 137,811	\$ 0	\$ 0	\$ 68,646	\$ 0	\$ 206,457	\$ 22,704	14%	\$ 87,874
2052	\$ 87,874	\$ 198,311	44%	-\$ 891	\$ 0	\$ 142,775	\$ 0	\$ 1,757	\$ 18,000	\$ 162,532	\$ 141,256	\$ 0	\$ 0	\$ 32,008	\$ 0	\$ 173,264	\$ 21,276	13%	\$ 77,142
2053	\$ 77,142	\$ 205,878	37%	-\$ 1,038	\$ 0	\$ 145,773	\$ 0	\$ 1,543	\$ 18,000	\$ 165,316	\$ 144,787	\$ 0	\$ 0	\$ 48,577	\$ 0	\$ 193,364	\$ 20,528	12%	\$ 49,094
2054	\$ 49,094	\$ 197,536	25%	-\$ 1,197	\$ 0	\$ 148,834	\$ 0	\$ 982	\$ 18,000	\$ 167,816	\$ 148,407	\$ 0	\$ 0	\$ 28,263	\$ 0	\$ 176,670	\$ 19,409	12%	\$ 40,240
2055	\$ 40,240	\$ 210,717	19%	-\$ 1,375	\$ 0	\$ 151,960	\$ 0	\$ 805	\$ 18,000	\$ 170,764	\$ 152,117	\$ 0	\$ 0	\$ 30,933	\$ 0	\$ 183,050	\$ 18,647	11%	\$ 27,954

1. Start of Year Reserve balance includes operations fund account balance
 2. Total of ALL Reserve Expenses
 3. Annual Reserve Contribution = Total Annual Income – Operating Expenses – Loan Amount – Loan Expenses – Taxes. The reserve contribution is a target or goal. Not an expense item. This value is a recommendation.
 4. The EOY Reserve Balance is estimated based on total incomes and total expenses

Reserve Contribution

The reserve contribution is predominantly composed of money remaining after you deduct the operational expenses from the total income. Where total income is comprised of the total of maintenance and special assessments, interest income, loans and other miscellaneous incomes. Operational expenses are typically those expenses that are not reserve expenses such as utilities, landscaping, administrative and other general annual expenses.

$$\text{Reserve Contribution} = \text{Total Income} - \text{Operational Expenses}$$

The following table summarizes the projected reserve contributions for each year. These contributions are goals and should not be classified or considered as expenses or firm objectives. The actual contribution to the reserve fund will vary as circumstances are quite likely to change such as unexpected expenses or expenses which may be more or less than anticipated in the annual budget.

Table 12: Annual Reserve Contribution Summary

Annual Reserve Contribution Table

Year	Reserve Contribution	Year	Reserve Contribution	Year	Reserve Contribution
2025	\$ 27,213	2035	\$ 28,593	2045	\$ 26,789
2026	\$ 25,649	2036	\$ 27,776	2046	\$ 25,959
2027	\$ 23,643	2037	\$ 27,557	2047	\$ 24,830
2028	\$ 22,176	2038	\$ 27,735	2048	\$ 24,241
2029	\$ 28,431	2039	\$ 27,598	2049	\$ 24,172
2030	\$ 28,495	2040	\$ 27,750	2050	\$ 23,773
2031	\$ 28,428	2041	\$ 27,631	2051	\$ 22,704
2032	\$ 27,994	2042	\$ 26,867	2052	\$ 21,276
2033	\$ 28,278	2043	\$ 26,945	2053	\$ 20,528
2034	\$ 28,654	2044	\$ 27,143	2054	\$ 19,409

Annual contributions to the reserve fund are estimated goals and should not be classified as expenses or firm objectives. Actual contributions will vary.

Maximum Reserve Fund Expenses

The most important aspect of preparing a financial plan is to have confidence that you can meet all anticipated expenses in the year of their occurrences. It is best to not focus on percent funding as the key indicator of your ability to meet those expenses. Instead, focus on each year's total expenses versus the total resources available to meet those expenses. In addition, the following criteria should be considered:

- Regular contributions to the reserve fund should be established and maintained to assure that funding is available to meet future reserve expenses.

- Maintain a percent funding threshold high enough so that the association’s consumers pay for the resources. Generally, this is in the range of 50% to 100%.
- Maintain the reserve fund balance at a level high enough to not only meet each year’s expenses, but also minimize the risks of special assessments and deferred maintenance.
 - The annual reserve fund contribution required to support this analysis is shown in *Table 11: Projected Income & Expenses Summary* on page .
 - A graphical view of the monthly reserve fund contribution is displayed in *Figure 9: Average Monthly Reserve Fund Contribution Rate* on page .

The following table lists the year that the maximum reserve fund expenses (depreciable asset expenses) occur and the financial state of the reserve fund in that year.

Table 14: Maximum Reserve Expenses and Contributions

Maximum Reserve Expenses & Reserve Contribution	
Year Maximum Reserve Expenses Occur:	2051
Min Req'd % FFB at Start of 2051:	30%
This analysis, Start of Year % Funding in 2051:	59%
Reserve Fund Balance at Start of 2051:	\$ 133,817
Estimated Reserve Contribution in 2051:	\$ 22,704
Total Available Reserve Funds in 2051: *	\$ 156,520
Total Reserve Expenses in 2051:	\$ 68,646

** Does not include funds from anticipated annual maintenance assessments in year 2051*

Detailed Financial Analysis

Annual Reserve Component Expenditures

The following table lists the reserve component expenditure for each year of the analysis period, (including those components that were indicated as being complete at the time the financial analysis was performed). Structural Integrity (SI) components are indicated if applicable.

Table 17: Annual Reserve Component Expenditures Table

Reserve Component Expenditures for Years 2025 to 2054

Reserve Component Expenditures for Years 2025 to 2054

Year	Cost	SI Category	Component
2025	\$ 1,134	CCRA Entrance	Historic Street-post Signs
	\$ 1,131	Furniture	Cushions for Loungers
	\$ 4,480	Pool / Spa	Pool Filter #1 (North)
	\$ 1,728	Pool / Spa	Pool Filter #1 (North) Motor
	\$ 896	Pool / Spa	Pool Filter #1 (North) Pump
	\$ 4,480	Pool / Spa	Pool Filter #2 (South)
	\$ 896	Pool / Spa	Pool Filter #2 (South) Pump
2025 Total:	\$ 14,745		

2026	\$ 4,480	Pool / Spa	Pavers Cleaning (Deck,Tile)
	\$ 10,455	Pool / Spa	Pool Heater
	\$ 5,120	Pool / Spa	Pool Tile Repair
	\$ 1,288	Pool / Spa	Spa Filter Pump

Reserve Component Expenditures for Years 2025 to 2054

	\$ 9,784	Pool / Spa	Spa Heater
	\$ 1,920	Pool / Spa	Spa Tile Repair
2026 Total:	\$ 33,047		

2027	\$ 1,714	CCRA Entrance	Miller/Northland Entrance Repair
2027 Total:	\$ 1,714		

2028	\$ 1,964	Cabana	Paint Cabana
	\$ 3,108	CCRA Common Area	Courtyard West Wall Repair & Paint
	\$ 2,203	CCRA Walk-Thru	North Walkthru Repair & Paint
	\$ 2,319	CCRA Walk-Thru	South Walkthru Repair & Paint
	\$ 3,108	CCRA Walk-Thru	West Walkthru Repair & Paint
	\$ 1,510	Ramada	Paint Ramada
2028 Total:	\$ 14,212		

2029	\$ 11,539	CCRA Common Area	Courtyard Wall Repair & Paint
	\$ 927	CCRA Common Area	Paint Gate
	\$ 4,059	Pool / Spa	Spa Filter
	\$ 1,612	Pool / Spa	Spa Safety Shutoff Switch
2029 Total:	\$ 18,137		

Reserve Component Expenditures for Years 2025 to 2054

2030	\$ 2,451	Cabana Bathroom	Reburbish Bathrooms
	\$ 1,280	Furniture	Cushions for Loungers
	\$ 13,109	Furniture	Ramada Tables(12) & Chairs(70)
	\$ 7,310	Ramada	Ramada Fascia Board & Paint
2030 Total:	\$ 24,150		

2031	\$ 1,472	Cabana	Cabana Interior Painting
	\$ 5,590	Cabana	Table & Chairs Refurbishing
	\$ 19,663	Pool / Spa	Pool & Spa Plaster Finish
	\$ 11,070	Pool / Spa	Spa Heater
	\$ 4,097	Pool / Spa	Spa Therapy Pump
2031 Total:	\$ 41,892		

2032	\$ 3,840	Cabana	Cabana Molding Repair & Paint
	\$ 1,159	Ramada	Refrigerator
2032 Total:	\$ 4,999		

2033 **No Reserve Expenses Anticipated**

Reserve Component Expenditures for Years 2025 to 2054

2034	\$ 3,604	CCRA Common Area	Courtyard West Wall Repair & Paint
	\$ 1,783	CCRA Common Area	Lamp Posts (5 at \$170 each)
	\$ 3,621	CCRA Entrance	Coolidge Fountain Irrigation Repair
	\$ 2,555	CCRA Walk-Thru	North Walkthru Repair & Paint
	\$ 2,690	CCRA Walk-Thru	South Walkthru Repair & Paint
	\$ 3,604	CCRA Walk-Thru	West Walkthru Repair & Paint
	\$ 2,202	Pool / Spa	Pool Filter #2 (South) Motor
	\$ 1,569	Pool / Spa	Spa Filter Pump
2034 Total:	\$ 21,628		

2035	\$ 13,382	CCRA Common Area	Courtyard Wall Repair & Paint
	\$ 1,452	CCRA Entrance	Historic Street-post Signs
	\$ 1,448	Furniture	Cushions for Loungers
	\$ 4,345	Furniture	Pool Loungers
	\$ 4,345	Furniture	Pool Side Tables and Chairs
	\$ 5,735	Pool / Spa	Pool Filter #1 (North)
	\$ 2,212	Pool / Spa	Pool Filter #1 (North) Motor
	\$ 1,147	Pool / Spa	Pool Filter #1 (North) Pump
	\$ 5,735	Pool / Spa	Pool Filter #2 (South)
	\$ 1,147	Pool / Spa	Pool Filter #2 (South) Pump

Reserve Component Expenditures for Years 2025 to 2054

	\$ 13,057	Pool / Spa	Pool Heater
	\$ 4,707	Pool / Spa	Spa Filter
2035 Total:	\$ 58,712		

2036	\$ 5,735	Pool / Spa	Pavers Cleaning (Deck,Tile)
	\$ 6,554	Pool / Spa	Pool Tile Repair
	\$ 12,525	Pool / Spa	Spa Heater
	\$ 2,458	Pool / Spa	Spa Tile Repair
2036 Total:	\$ 27,272		

2037	\$ 2,194	CCRA Entrance	Miller/Northland Entrance Repair
	\$ 4,345	Ramada	Ramada Tar Paper Roof
2037 Total:	\$ 6,539		

2038	\$ 8,296	Cabana	Cabana Roof
	\$ 2,514	Cabana	Paint Cabana
	\$ 1,934	Ramada	Paint Ramada
	\$ 8,907	Ramada	Ramada Fascia Board & Paint
2038 Total:	\$ 21,651		

Reserve Component Expenditures for Years 2025 to 2054

2039	\$ 1,186	CCRA Common Area	Paint Gate
	\$ 2,063	Pool / Spa	Spa Safety Shutoff Switch
	\$ 3,114	Ramada	Sink hot water and drainage
2039 Total:	\$ 6,363		

2040	\$ 3,138	Cabana Bathroom	Reburbish Bathrooms
	\$ 4,180	CCRA Common Area	Courtyard West Wall Repair & Paint
	\$ 2,963	CCRA Walk-Thru	North Walkthru Repair & Paint
	\$ 3,119	CCRA Walk-Thru	South Walkthru Repair & Paint
	\$ 4,180	CCRA Walk-Thru	West Walkthru Repair & Paint
	\$ 1,639	Furniture	Cushions for Loungers
2040 Total:	\$ 19,219		

2041	\$ 1,884	Cabana	Cabana Interior Painting
	\$ 7,156	Cabana	Table & Chairs Refurbishing
	\$ 15,519	CCRA Common Area	Courtyard Wall Repair & Paint
	\$ 6,350	CCRA Common Area	Security Lighting Common Area
	\$ 5,459	Pool / Spa	Spa Filter
	\$ 14,171	Pool / Spa	Spa Heater
2041 Total:	\$ 50,539		

Reserve Component Expenditures for Years 2025 to 2054

2042	\$ 4,916	Cabana	Cabana Molding Repair & Paint
	\$ 1,912	Pool / Spa	Spa Filter Pump
2042 Total:	\$ 6,828		

2043 No Reserve Expenses Anticipated

2044	\$ 2,458	Cabana Bathroom	Windows
	\$ 3,523	CCRA Common Area	Gate Updates (locks, keys, grid)
	\$ 2,818	Pool / Spa	Pool Filter #2 (South) Motor
	\$ 16,307	Pool / Spa	Pool Heater
	\$ 1,762	Ramada	Oven
2044 Total:	\$ 26,868		

2045	\$ 1,858	CCRA Entrance	Historic Street-post Signs
	\$ 1,854	Furniture	Cushions for Loungers
	\$ 7,341	Pool / Spa	Pool Filter #1 (North)
	\$ 2,832	Pool / Spa	Pool Filter #1 (North) Motor
	\$ 1,468	Pool / Spa	Pool Filter #1 (North) Pump

Reserve Component Expenditures for Years 2025 to 2054

	\$ 7,341	Pool / Spa	Pool Filter #2 (South)
	\$ 1,468	Pool / Spa	Pool Filter #2 (South) Pump
	\$ 25,171	Ramada	Ramada Roll-down Curtains
2045 Total:	\$ 49,333		

2046	\$ 4,847	CCRA Common Area	Courtyard West Wall Repair & Paint
	\$ 3,437	CCRA Walk-Thru	North Walkthru Repair & Paint
	\$ 3,617	CCRA Walk-Thru	South Walkthru Repair & Paint
	\$ 4,847	CCRA Walk-Thru	West Walkthru Repair & Paint
	\$ 7,341	Pool / Spa	Pavers Cleaning (Deck,Tile)
	\$ 8,390	Pool / Spa	Pool Tile Repair
	\$ 16,033	Pool / Spa	Spa Heater
	\$ 3,146	Pool / Spa	Spa Tile Repair
	\$ 10,852	Ramada	Ramada Fascia Board & Paint
2046 Total:	\$ 62,510		

2047	\$ 17,997	CCRA Common Area	Courtyard Wall Repair & Paint
	\$ 2,809	CCRA Entrance	Miller/Northland Entrance Repair
	\$ 4,529	Pool / Spa	Ozone System
	\$ 6,331	Pool / Spa	Spa Filter
	\$ 1,678	Ramada	Refrigerator

Reserve Component Expenditures for Years 2025 to 2054

2047 Total:	\$ 33,344		
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2048	\$ 3,218	Cabana	Paint Cabana
	\$ 2,475	Ramada	Paint Ramada
2048 Total:	\$ 5,693		

2049	\$ 1,519	CCRA Common Area	Paint Gate
	\$ 5,244	CCRA Entrance	Coolidge Fountain Irrigation Repair
	\$ 2,641	Pool / Spa	Spa Safety Shutoff Switch
	\$ 11,574	Ramada	Ramada Heaters (radiant)
2049 Total:	\$ 20,978		

2050	\$ 4,017	Cabana Bathroom	Reburbish Bathrooms
	\$ 2,098	Furniture	Cushions for Loungers
	\$ 6,293	Furniture	Pool Loungers
	\$ 6,293	Furniture	Pool Side Tables and Chairs
	\$ 21,481	Furniture	Ramada Tables(12) & Chairs(70)
	\$ 2,329	Pool / Spa	Spa Filter Pump
	\$ 10,488	Ramada	Ramada Electric Update
2050 Total:	\$ 52,999		

Reserve Component Expenditures for Years 2025 to 2054

2051	\$ 2,412	Cabana	Cabana Interior Painting
	\$ 9,160	Cabana	Table & Chairs Refurbishing
	\$ 32,221	Pool / Spa	Pool & Spa Plaster Finish
	\$ 18,140	Pool / Spa	Spa Heater
	\$ 6,713	Pool / Spa	Spa Therapy Pump
2051 Total:	\$ 68,646		

2052	\$ 6,293	Cabana	Cabana Molding Repair & Paint
	\$ 5,621	CCRA Common Area	Courtyard West Wall Repair & Paint
	\$ 3,985	CCRA Walk-Thru	North Walkthru Repair & Paint
	\$ 4,195	CCRA Walk-Thru	South Walkthru Repair & Paint
	\$ 5,621	CCRA Walk-Thru	West Walkthru Repair & Paint
	\$ 6,293	Ramada	Ramada Tar Paper Roof
2052 Total:	\$ 32,008		

2053	\$ 20,871	CCRA Common Area	Courtyard Wall Repair & Paint
	\$ 20,365	Pool / Spa	Pool Heater
	\$ 7,341	Pool / Spa	Spa Filter
2053 Total:	\$ 48,577		

Reserve Component Expenditures for Years 2025 to 2054

2054	\$ 6,922	Cabana	Cabana Electric Panel Update
	\$ 3,608	Pool / Spa	Pool Filter #2 (South) Motor
	\$ 13,223	Ramada	Ramada Fascia Board & Paint
	\$ 4,510	Ramada	Sink hot water and drainage
2054 Total:	\$ 28,263		

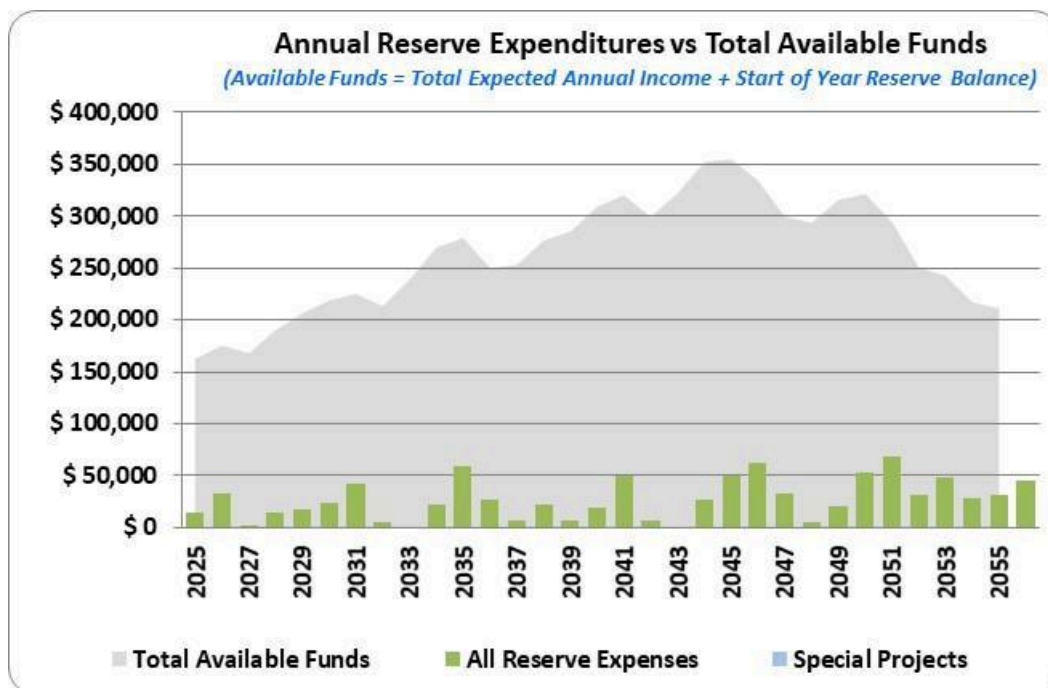
Reserve Fund Expenditures

The graph below shows the projected future reserve expenses that the association is responsible for funding. As with all computations in this report, the estimates in this figure are based on the estimated expense projections which are a combination of historical expenditures and current estimates. Expenses are projected 30 years into the future, using the Inflation rate assumptions stated earlier.

It is important to make note of large expenditure years (peak years) when there will be significant projected expenditures related to one or more component projects that will require repair/replacement. These large but infrequent component expenses during “peak” years are typically the most difficult to budget for as they are often overlooked or ignored due to the perception that the expenses are far in the future and there will be time to budget for them later.

A total of 52 reserve components are included in this analysis. None of the components have been identified as Structural Integrity (SI) Components. Refer to Structural Integrity Reserve Study – Definition on page 2 for more information about Structural Integrity (SI) components.

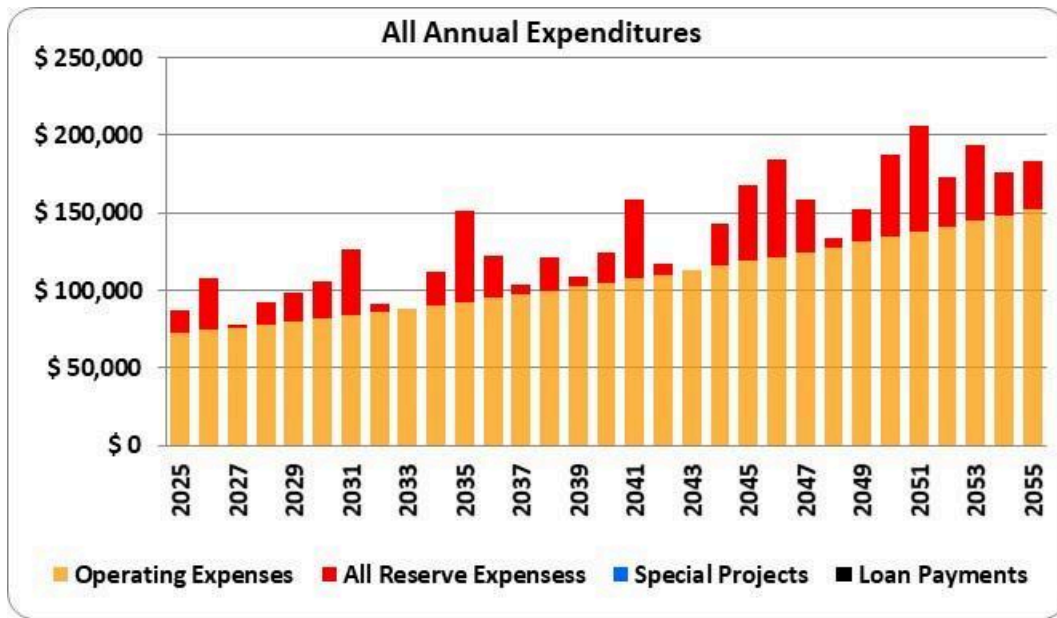
Figure 3: Reserve Fund Expenditures



All Expenses

In addition to reserve expenditures, the association needs to cover operational expenses, costs for special projects and any loan payments. The following graph depicts all annual expenditures that the association can expect over the next 30 years.

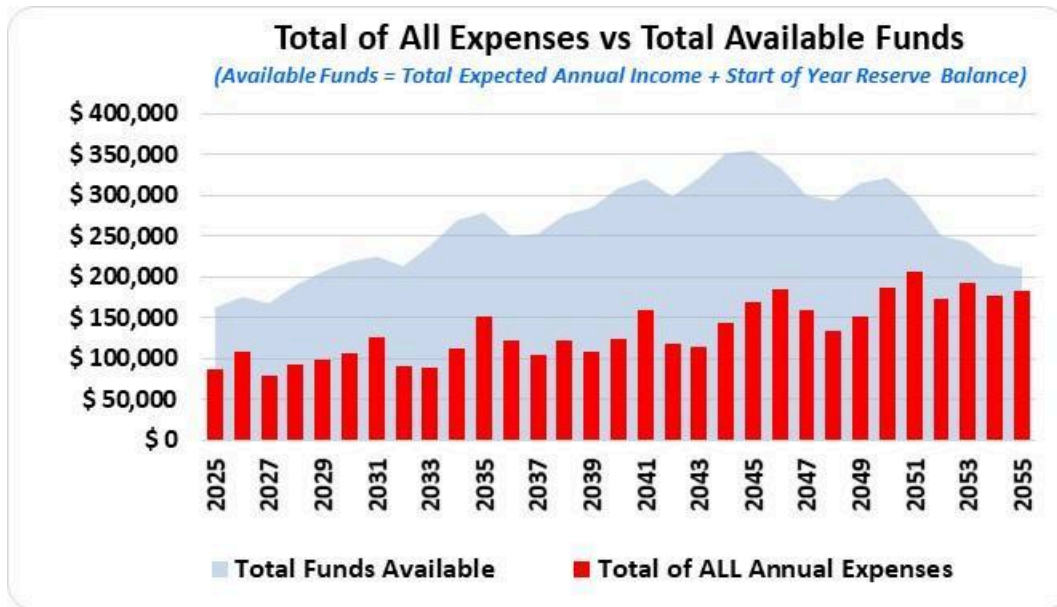
Figure 4: All Annual Expenses



As with any projections of future expenditures, “near-term” projects will be more accurate than events in the future, especially events projected many years away.

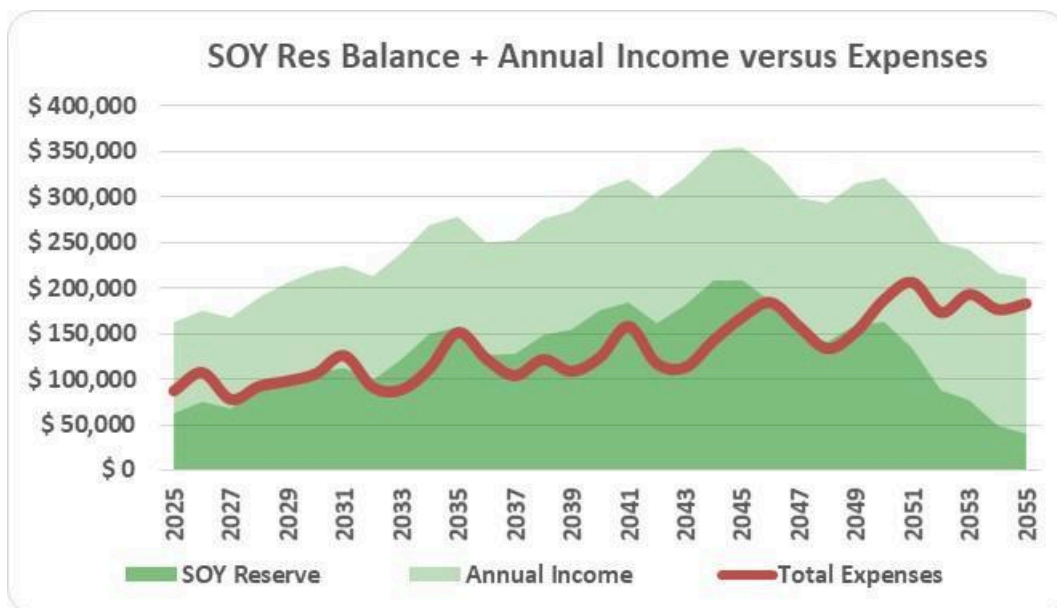
The following graph illustrates each year’s anticipated expenses versus the available cash assets. The cash assets are assumed to be the total of the start of year reserve fund balance plus the anticipated annual income plus any additional income such as loans or other income types. In effect, this chart shows you the total expenses versus total available funds in each year.

Figure 5: All Annual Expenses versus Available Funds



Another method of graphical representation is to view the annual reserve fund balance as a combination of the start of year reserve balance plus the anticipated annual income versus total annual expenses as the following graph illustrates.

Figure 6: Start of Year Reserve Balance plus Annual Income versus Expenses

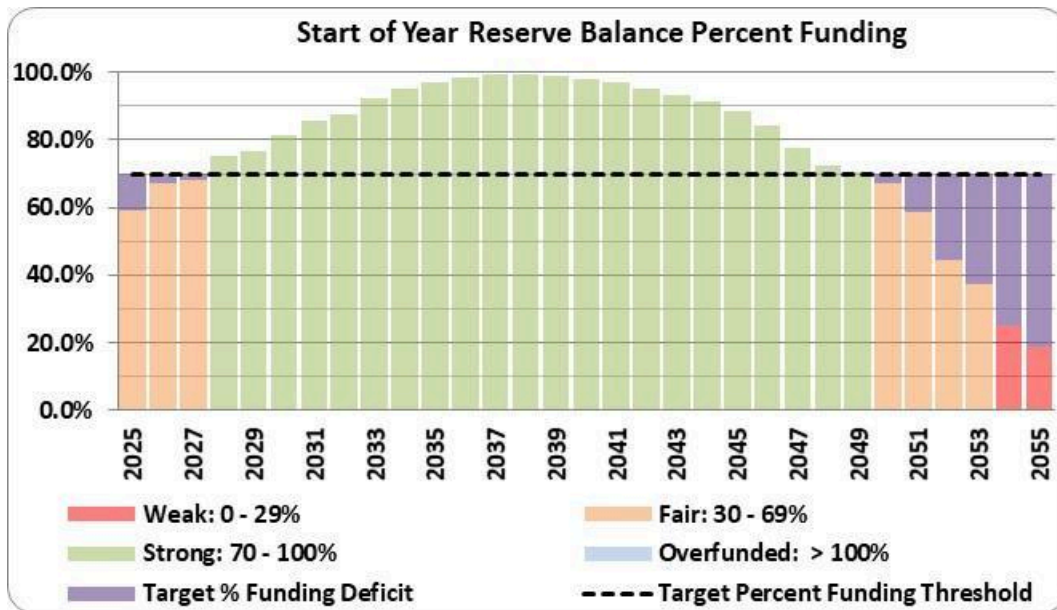


Reserve Balance

This graph illustrates the key elements of the funding model proposed in this assessment. Over the timeframe of this reserve

study, the allocation rates and the percent funding will fluctuate based on the expenditures projected in any given year.

Figure 7: Start of Year Reserve Balance Percent Funding



Annual Income and Contribution to Reserve Fund

Based on the current percent funded and the projected cash flow requirements, the recommended reserve contributions should be established at per month this fiscal year. This represents the first year of a 30-year Funding Plan. The actual contribution to the reserve fund will vary from year-to-year depending on the anticipated reserve expenses. To most fairly spread out the contribution burden on current and future owners in our inflationary economic environment, nominal annual increases should be expected in future years. Most authorities say that the annual reserve contribution should be at least 10% of the annual income. Associations with a contribution rate less than 10% can expect future special assessments.

This recommended reserve contribution rate is depicted in the following two graphs.

Figure 8: Annual Income and Reserve Contribution

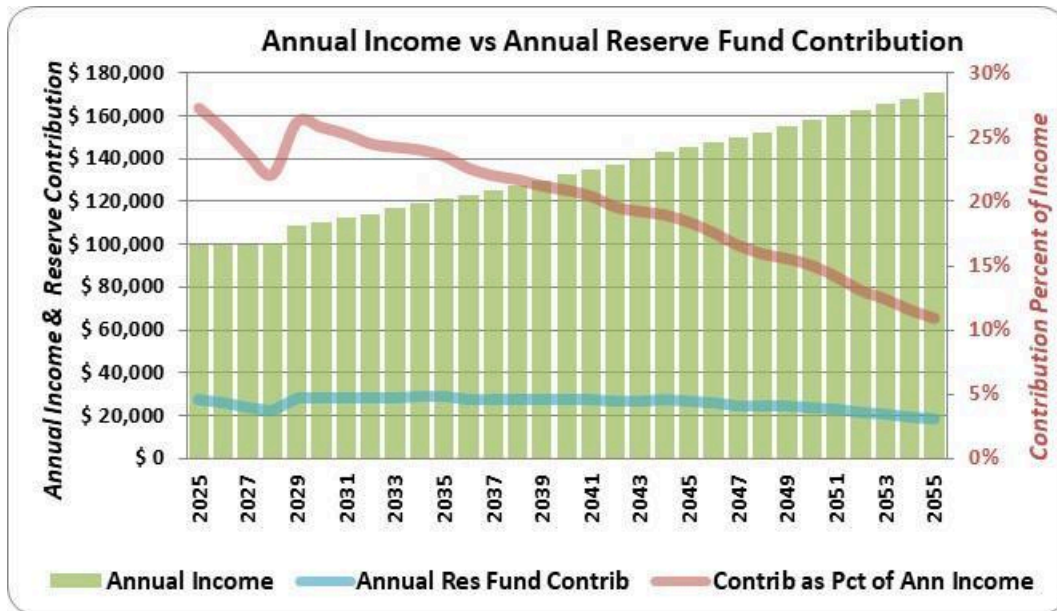
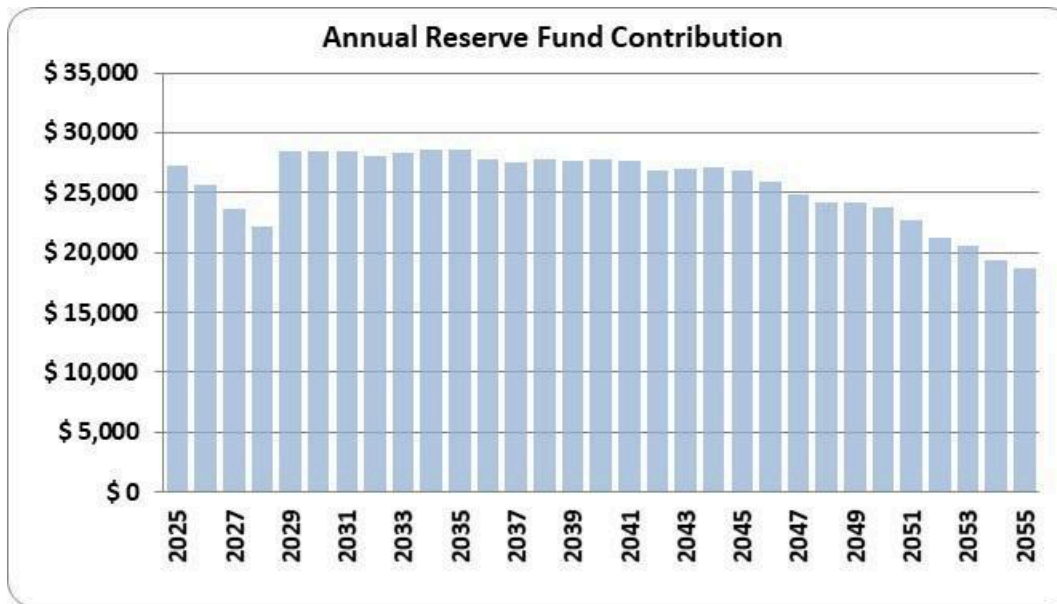


Figure 9: Average Monthly Reserve Fund Contribution Rate



Income Sources

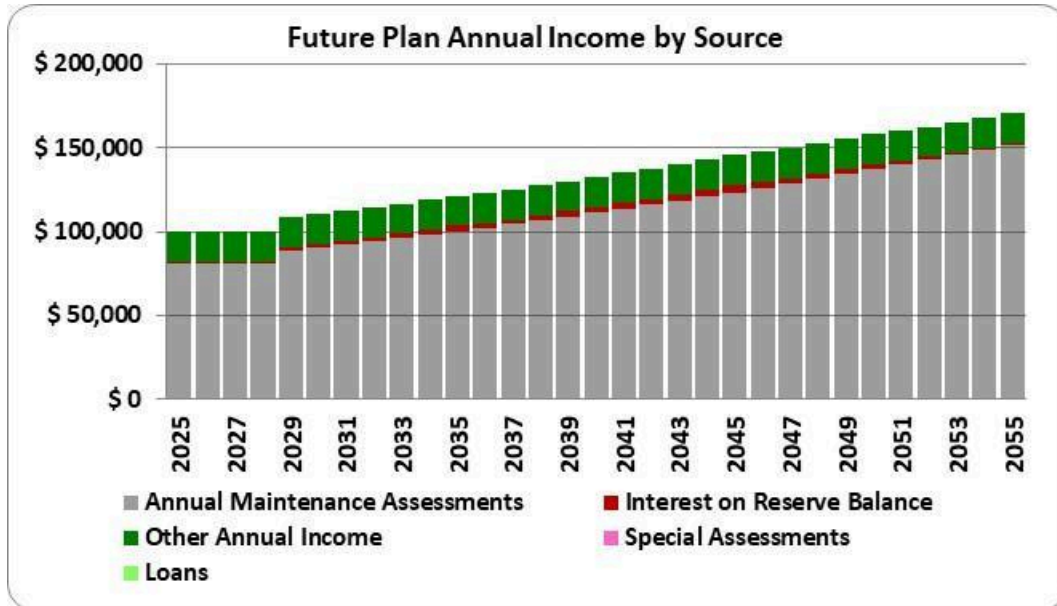
Income is derived from several potential sources:

- Annual maintenance assessments (or fees)
- Special assessments
- Interest on reserve account

- Interest on other bank accounts
- One-time income (e.g., Loans)
- Other annual income sources (e.g., rentals and fees)

The future annual incomes are depicted in the following graph.

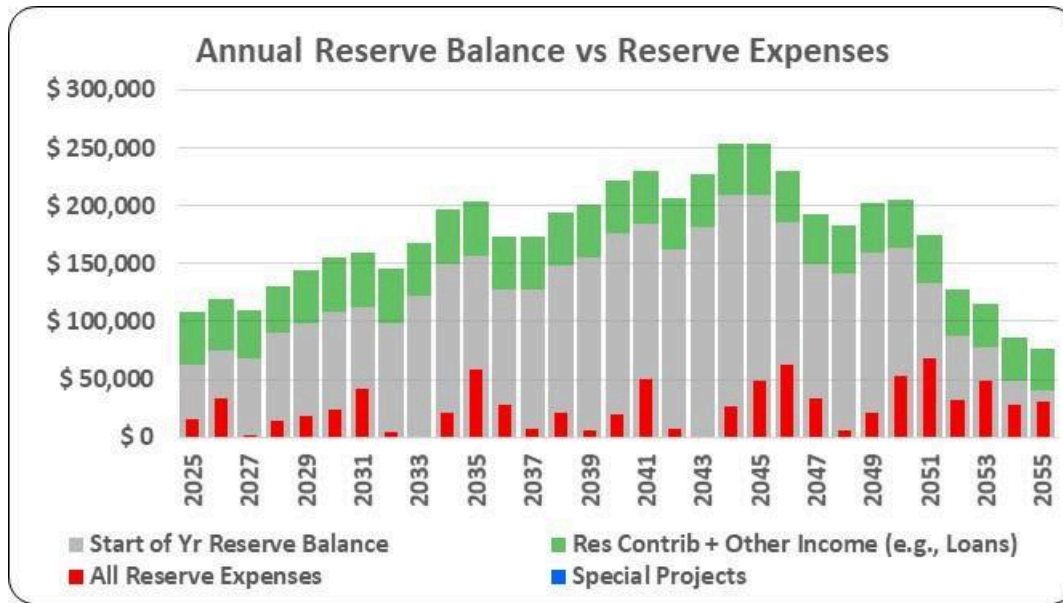
Figure 10: Annual Income by Source



Annual Reserve Balance and Reserve Expenses

The following graph is often cited as the most important statistic for the Association’s financial analysis. This graph depicts the estimated reserve expenses compared to the estimated reserve fund balance in each year of the analysis. The Association’s key responsibility is to ensure that the Reserve Fund is adequate to provide for the maintenance or replacement of depreciable components. This graph provides a quick and vivid view.

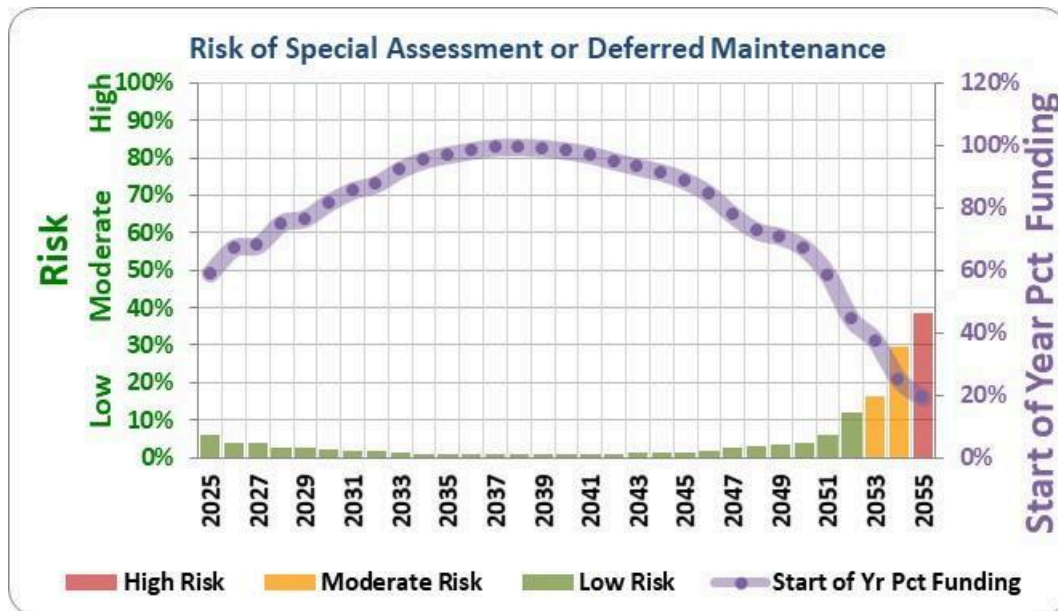
Figure 11: Annual Reserve Balance vs Reserve Expenses



Risk of Special Assessment or Deferred Maintenance

Calculating the risk of a special assessment is not an exact science. However, it is well understood that percent funding is a reliable predictor of the likelihood of a special assessment or the deferral of maintenance of reserve components. Associations above 70% funded have less than a 4% chance of ever needing a special assessment, whereas associations less than 30% funded are likely to need a special assessment every 2 to 4 years. The following table represents an estimate of the risk of a special assessment or deferred maintenance.

Figure 14: Risk of Special Assessment or Deferred Maintenance



Income and Expense Summaries

Income and expenses summaries are presented on the following pages.

Years 2025 to 2034

Income Years 2025 to 2034

Estimated Incomes	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Maintenance Assessments Including Sched Increases	\$ 80,476	\$ 80,476	\$ 80,476	\$ 80,476	\$ 88,524	\$ 90,383	\$ 92,281	\$ 94,219	\$ 96,197	\$ 98,217	\$ 881,724
Interest Income Reserve Balance	\$ 1,257	\$ 1,507	\$ 1,359	\$ 1,797	\$ 1,957	\$ 2,163	\$ 2,249	\$ 1,980	\$ 2,440	\$ 3,006	\$ 19,715
Other Annual Income	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 180,000
Special Assessments											
Loans											
Total Income	\$ 99,733	\$ 99,983	\$ 99,835	\$ 100,273	\$ 108,480	\$ 110,545	\$ 112,530	\$ 114,199	\$ 116,637	\$ 119,223	\$ 1,081,439

Expenses Years 2025 to 2034

Operating and Loan Expenses	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Estimated Operating Expenses	\$ 72,521	\$ 74,334	\$ 76,192	\$ 78,097	\$ 80,049	\$ 82,051	\$ 84,102	\$ 86,204	\$ 88,360	\$ 90,569	\$ 812,478
Estimated Annual Loan Payments											

Special Projects	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total

Estimated Tax Liability	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Tax Liability not Included in Analysis											

Totals	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Total Operating Expenses	\$ 72,521	\$ 74,334	\$ 76,192	\$ 78,097	\$ 80,049	\$ 82,051	\$ 84,102	\$ 86,204	\$ 88,360	\$ 90,569	\$ 812,478
Special Projects											
Total Reserve Fund Expenses	\$ 14,745	\$ 33,047	\$ 1,714	\$ 14,212	\$ 18,137	\$ 24,150	\$ 41,892	\$ 4,999		\$ 21,628	\$ 174,524

Reserve Fund Years 2025 to 2034

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Start of Year Fully Funded Reserve	\$ 106,633	\$ 112,367	\$ 99,940	\$ 119,785	\$ 127,793	\$ 132,470	\$ 131,600	\$ 113,038	\$ 132,354	\$ 157,818
Start of Year Reserve Fund Balance *	\$ 62,871	\$ 75,339	\$ 67,941	\$ 89,869	\$ 97,834	\$ 108,128	\$ 112,472	\$ 99,008	\$ 122,003	\$ 150,281
Percent Funded at Start of Year	59%	67%	68%	75%	77%	82%	85%	88%	92%	95%
Annual Reserve Fund Contributions	\$ 27,213	\$ 25,649	\$ 23,643	\$ 22,176	\$ 28,431	\$ 28,495	\$ 28,428	\$ 27,994	\$ 28,278	\$ 28,654
Net Reserve Withdrawals	-\$ 14,745	-\$ 33,047	-\$ 1,714	-\$ 14,212	-\$ 18,137	-\$ 24,150	-\$ 41,892	-\$ 4,999		-\$ 21,628
EOY Reserve Fund Balance	\$ 75,339	\$ 67,941	\$ 89,869	\$ 97,834	\$ 108,128	\$ 112,472	\$ 99,008	\$ 122,003	\$ 150,281	\$ 157,307

* 2025 balance as of 31-December-2024. Includes any balance in the operations fund account

Reserve Expenses 2025 to 2034

Type	Reserve Fund Withdrawals	Original Cost	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
	Cabana Electric Panel Update	\$ 3,300											\$ 0
	Cabana Interior Painting	\$ 1,150							\$ 1,472				\$ 1,472
	Cabana Molding Repair & Paint	\$ 3,000								\$ 3,840			\$ 3,840
	Cabana Roof	\$ 5,063											\$ 0
	Paint Cabana	\$ 1,534				\$ 1,964							\$ 1,964
	Table & Chairs Refurbishing	\$ 4,367							\$ 5,590				\$ 5,590
	Reburbish Bathrooms	\$ 1,915						\$ 2,451					\$ 2,451
	Windows	\$ 1,500											\$ 0
	Courtyard Wall Repair & Paint	\$ 9,950					\$ 11,539						\$ 11,539
	Courtyard West Wall Repair & Paint	\$ 2,680				\$ 3,108						\$ 3,604	\$ 6,712
	Gate Updates (locks, keys, grid)	\$ 2,150											\$ 0
	Lamp Posts (5 at \$170 each)	\$ 850										\$ 1,783	\$ 1,783
	Paint Gate	\$ 724					\$ 927						\$ 927
	Security Lighting Common Area	\$ 3,425											\$ 0
	Coolidge Fountain Irrigation Repair	\$ 2,500										\$ 3,621	\$ 3,621
	Historic Street-post Signs	\$ 886	\$ 1,134										\$ 1,134
	Miller/Northland Entrance Repair	\$ 1,339			\$ 1,714								\$ 1,714
	North Walkthru Repair & Paint	\$ 1,900				\$ 2,203						\$ 2,555	\$ 4,758
	South Walkthru Repair & Paint	\$ 2,000				\$ 2,319						\$ 2,690	\$ 5,009
	West Walkthru Repair & Paint	\$ 2,680				\$ 3,108						\$ 3,604	\$ 6,712

Reserve Expenses 2025 to 2034

Cushions for Loungers	\$ 1,000	\$ 1,131						\$ 1,280					\$ 2,411
Pool Loungers	\$ 3,000												\$ 0
Pool Side Tables and Chairs	\$ 3,000												\$ 0
Ramada Tables(12) & Chairs(70)	\$ 8,000							\$ 13,109					\$ 13,109
Ozone System	\$ 2,443												\$ 0
Pavers Cleaning (Deck,Tile)	\$ 3,500		\$ 4,480										\$ 4,480
Pool & Spa Plaster Finish	\$ 12,000							\$ 19,663					\$ 19,663
Pool Filter #1 (North)	\$ 3,500	\$ 4,480											\$ 4,480
Pool Filter #1 (North) Motor	\$ 1,350	\$ 1,728											\$ 1,728
Pool Filter #1 (North) Pump	\$ 700	\$ 896											\$ 896
Pool Filter #2 (South)	\$ 3,500	\$ 4,480											\$ 4,480
Pool Filter #2 (South) Motor	\$ 1,720										\$ 2,202		\$ 2,202
Pool Filter #2 (South) Pump	\$ 700	\$ 896											\$ 896
Pool Heater	\$ 8,372		\$ 10,455										\$ 10,455
Pool Tile Repair	\$ 4,000		\$ 5,120										\$ 5,120
Spa Filter	\$ 3,500						\$ 4,059						\$ 4,059
Spa Filter Pump	\$ 1,057		\$ 1,288								\$ 1,569		\$ 2,857
Spa Heater	\$ 8,648		\$ 9,784					\$ 11,070					\$ 20,854
Spa Safety Shutoff Switch	\$ 1,259						\$ 1,612						\$ 1,612
Spa Therapy Pump	\$ 2,500							\$ 4,097					\$ 4,097
Spa Tile Repair	\$ 1,500		\$ 1,920										\$ 1,920
Oven	\$ 1,075												\$ 0

Reserve Expenses 2025 to 2034

Paint Ramada	\$ 1,180				\$ 1,510							\$ 1,510
Ramada Electric Update	\$ 5,000											\$ 0
Ramada Fascia Board & Paint	\$ 6,000						\$ 7,310					\$ 7,310
Ramada Roll-down Curtains	\$ 12,000											\$ 0
Ramada Tar Paper Roof	\$ 3,000											\$ 0
Refrigerator	\$ 800								\$ 1,159			\$ 1,159
Sink hot water and drainage	\$ 2,150											\$ 0
Ramada Heaters (radiant)	\$ 6,243											\$ 0
Total Reserve Expenses		\$ 14,745	\$ 33,047	\$ 1,714	\$ 14,212	\$ 18,137	\$ 24,150	\$ 41,892	\$ 4,999	\$ 0	\$ 21,628	\$ 174,524

Years 2035 to 2044

Income Years 2035 to 2044

Estimated Incomes	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Maintenance Assessments Including Sched Increases	\$ 100,280	\$ 102,386	\$ 104,536	\$ 106,731	\$ 108,972	\$ 111,261	\$ 113,597	\$ 115,983	\$ 118,418	\$ 120,905	\$ 1,103,069
Interest Income Reserve Balance	\$ 3,146	\$ 2,544	\$ 2,554	\$ 2,974	\$ 3,096	\$ 3,521	\$ 3,691	\$ 3,233	\$ 3,634	\$ 4,173	\$ 32,565
Other Annual Income	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 180,000
Special Assessments											
Loans											
Total Income	\$ 121,426	\$ 122,929	\$ 125,090	\$ 127,705	\$ 130,068	\$ 132,781	\$ 135,288	\$ 137,216	\$ 140,052	\$ 143,078	\$ 1,315,635

Expenses Years 2035 to 2044

Operating and Loan Expenses	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Estimated Operating Expenses	\$ 92,833	\$ 95,154	\$ 97,532	\$ 99,971	\$ 102,470	\$ 105,032	\$ 107,658	\$ 110,349	\$ 113,108	\$ 115,935	\$ 1,040,041
Estimated Annual Loan Payments											

Special Projects	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total

Estimated Tax Liability	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Tax Liability not Included in Analysis											

Totals	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
Total Operating Expenses	\$ 92,833	\$ 95,154	\$ 97,532	\$ 99,971	\$ 102,470	\$ 105,032	\$ 107,658	\$ 110,349	\$ 113,108	\$ 115,935	\$ 1,040,041
Special Projects											
Total Reserve Fund Expenses	\$ 58,712	\$ 27,272	\$ 6,539	\$ 21,651	\$ 6,363	\$ 19,219	\$ 50,539	\$ 6,828		\$ 26,868	\$ 223,991

Reserve Fund Years 2035 to 2044

Description	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Start of Year Fully Funded Reserve	\$ 162,303	\$ 129,457	\$ 128,597	\$ 149,565	\$ 156,178	\$ 179,253	\$ 190,370	\$ 170,321	\$ 195,250	\$ 228,491
Start of Year Reserve Fund Balance	\$ 157,307	\$ 127,189	\$ 127,693	\$ 148,711	\$ 154,794	\$ 176,030	\$ 184,560	\$ 161,652	\$ 181,691	\$ 208,636
Percent Funded at Start of Year	97%	98%	99%	99%	99%	98%	97%	95%	93%	91%
Annual Reserve Fund Contributions	\$ 28,593	\$ 27,776	\$ 27,557	\$ 27,735	\$ 27,598	\$ 27,750	\$ 27,631	\$ 26,867	\$ 26,945	\$ 27,143
Net Reserve Withdrawals	-\$ 58,712	-\$ 27,272	-\$ 6,539	-\$ 21,651	-\$ 6,363	-\$ 19,219	-\$ 50,539	-\$ 6,828		-\$ 26,868
EOY Reserve Fund Balance	\$ 127,189	\$ 127,693	\$ 148,711	\$ 154,794	\$ 176,030	\$ 184,560	\$ 161,652	\$ 181,691	\$ 208,636	\$ 208,910

Reserve Expenses 2035 to 2044

Type	Reserve Fund Withdrawals	Original Cost	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
	Cabana Electric Panel Update	\$ 3,300											\$ 0
	Cabana Interior Painting	\$ 1,150							\$ 1,884				\$ 1,884
	Cabana Molding Repair & Paint	\$ 3,000								\$ 4,916			\$ 4,916
	Cabana Roof	\$ 5,063				\$ 8,296							\$ 8,296
	Paint Cabana	\$ 1,534				\$ 2,514							\$ 2,514
	Table & Chairs Refurbishing	\$ 4,367							\$ 7,156				\$ 7,156
	Reburbish Bathrooms	\$ 1,915						\$ 3,138					\$ 3,138
	Windows	\$ 1,500										\$ 2,458	\$ 2,458
	Courtyard Wall Repair & Paint	\$ 9,950	\$ 13,382						\$ 15,519				\$ 28,901
	Courtyard West Wall Repair & Paint	\$ 2,680						\$ 4,180					\$ 4,180
	Gate Updates (locks, keys, grid)	\$ 2,150										\$ 3,523	\$ 3,523
	Lamp Posts (5 at \$170 each)	\$ 850											\$ 0
	Paint Gate	\$ 724					\$ 1,186						\$ 1,186
	Security Lighting Common Area	\$ 3,425							\$ 6,350				\$ 6,350
	Coolidge Fountain Irrigation Repair	\$ 2,500											\$ 0
	Historic Street-post Signs	\$ 886	\$ 1,452										\$ 1,452
	Miller/Northland Entrance Repair	\$ 1,339			\$ 2,194								\$ 2,194
	North Walkthru Repair & Paint	\$ 1,900						\$ 2,963					\$ 2,963
	South Walkthru Repair & Paint	\$ 2,000						\$ 3,119					\$ 3,119
	West Walkthru Repair & Paint	\$ 2,680						\$ 4,180					\$ 4,180

Years 2045 to 2055

Income Years 2045 to 2055

Estimated Incomes	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Maintenance Assessments Including Sched Increases	\$ 123,444	\$ 126,037	\$ 128,683	\$ 131,386	\$ 134,145	\$ 136,962	\$ 139,838	\$ 142,775	\$ 145,773	\$ 148,834	\$ 151,960	\$ 1,509,836	\$ 3,494,629
Interest Income Reserve Balance	\$ 4,178	\$ 3,727	\$ 2,996	\$ 2,826	\$ 3,197	\$ 3,261	\$ 2,676	\$ 1,757	\$ 1,543	\$ 982	\$ 805	\$ 27,949	\$ 80,229
Other Annual Income	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 198,000	\$ 558,000
Special Assessments													
Loans													
Total Income	\$ 145,622	\$ 147,764	\$ 149,680	\$ 152,212	\$ 155,342	\$ 158,223	\$ 160,514	\$ 162,532	\$ 165,316	\$ 167,816	\$ 170,764	\$ 1,735,785	\$ 4,132,858

Expenses Years 2045 to 2055

Operating and Loan Expenses	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Estimated Operating Expenses	\$ 118,834	\$ 121,805	\$ 124,850	\$ 127,971	\$ 131,170	\$ 134,450	\$ 137,811	\$ 141,256	\$ 144,787	\$ 148,407	\$ 152,117	\$ 1,483,457	\$ 3,335,976
Estimated Annual Loan Payments													

Special Projects	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Estimated Tax Liability	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Tax Liability not Included in Analysis													

	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
Total Operating Expenses	\$ 118,834	\$ 121,805	\$ 124,850	\$ 127,971	\$ 131,170	\$ 134,450	\$ 137,811	\$ 141,256	\$ 144,787	\$ 148,407	\$ 152,117	\$ 1,483,457	\$ 3,335,976
Special Projects													
Total Reserve Fund Expenses	\$ 49,333	\$ 62,510	\$ 33,344	\$ 5,693	\$ 20,978	\$ 52,999	\$ 68,646	\$ 32,008	\$ 48,577	\$ 28,263	\$ 30,933	\$ 433,284	\$ 831,799

Reserve Fund Years 2045 to 2055

Description	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Start of Year Fully Funded Reserve	\$ 235,733	\$ 220,854	\$ 192,841	\$ 194,790	\$ 225,911	\$ 242,946	\$ 228,408	\$ 198,311	\$ 205,878	\$ 197,536	\$ 210,717
Start of Year Reserve Fund Balance	\$ 208,910	\$ 186,366	\$ 149,815	\$ 141,301	\$ 159,849	\$ 163,043	\$ 133,817	\$ 87,874	\$ 77,142	\$ 49,094	\$ 40,240
Percent Funded at Start of Year	89%	84%	78%	73%	71%	67%	59%	44%	37%	25%	19%
Annual Reserve Fund Contributions	\$ 26,789	\$ 25,959	\$ 24,830	\$ 24,241	\$ 24,172	\$ 23,773	\$ 22,704	\$ 21,276	\$ 20,528	\$ 19,409	\$ 18,647
Net Reserve Withdrawals	-\$ 49,333	-\$ 62,510	-\$ 33,344	-\$ 5,693	-\$ 20,978	-\$ 52,999	-\$ 68,646	-\$ 32,008	-\$ 48,577	-\$ 28,263	-\$ 30,933
EOY Reserve Fund Balance	\$ 186,366	\$ 149,815	\$ 141,301	\$ 159,849	\$ 163,043	\$ 133,817	\$ 87,874	\$ 77,142	\$ 49,094	\$ 40,240	\$ 27,954

Reserve Expenses 2045 to 2055

Type	Reserve Fund Withdrawals	Original Cost	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	Total	Total All Years
	Cabana Electric Panel Update	\$ 3,300										\$ 6,922		\$ 6,922	\$ 6,922
	Cabana Interior Painting	\$ 1,150							\$ 2,412					\$ 2,412	\$ 5,768
	Cabana Molding Repair & Paint	\$ 3,000								\$ 6,293				\$ 6,293	\$ 15,049
	Cabana Roof	\$ 5,063												\$ 0	\$ 8,296
	Paint Cabana	\$ 1,534				\$ 3,218								\$ 3,218	\$ 7,696
	Table & Chairs Refurbishing	\$ 4,367							\$ 9,160					\$ 9,160	\$ 21,906
	Reburbish Bathrooms	\$ 1,915						\$ 4,017						\$ 4,017	\$ 9,606
	Windows	\$ 1,500												\$ 0	\$ 2,458
	Courtyard Wall Repair & Paint	\$ 9,950			\$ 17,997						\$ 20,871			\$ 38,868	\$ 79,308
	Courtyard West Wall Repair & Paint	\$ 2,680		\$ 4,847						\$ 5,621				\$ 10,468	\$ 21,360
	Gate Updates (locks, keys, grid)	\$ 2,150												\$ 0	\$ 3,523
	Lamp Posts (5 at \$170 each)	\$ 850												\$ 0	\$ 1,783
	Paint Gate	\$ 724					\$ 1,519							\$ 1,519	\$ 3,632
	Security Lighting Common Area	\$ 3,425												\$ 0	\$ 6,350
	Coolidge Fountain Irrigation Repair	\$ 2,500					\$ 5,244							\$ 5,244	\$ 8,865
	Historic Street-post Signs	\$ 886	\$ 1,858										\$ 2,379	\$ 4,237	\$ 6,823
	Miller/Northland Entrance Repair	\$ 1,339			\$ 2,809									\$ 2,809	\$ 6,717
	North Walkthru Repair & Paint	\$ 1,900		\$ 3,437						\$ 3,985				\$ 7,422	\$ 15,143
	South Walkthru Repair & Paint	\$ 2,000		\$ 3,617						\$ 4,195				\$ 7,812	\$ 15,940
	West Walkthru Repair & Paint	\$ 2,680		\$ 4,847						\$ 5,621				\$ 10,468	\$ 21,360

Reserve Expenses 2045 to 2055

Cushions for Loungers	\$ 1,000	\$ 1,854			\$ 2,098			\$ 2,373	\$ 6,325	\$ 11,823
Pool Loungers	\$ 3,000				\$ 6,293				\$ 6,293	\$ 10,638
Pool Side Tables and Chairs	\$ 3,000				\$ 6,293				\$ 6,293	\$ 10,638
Ramada Tables(12) & Chairs(70)	\$ 8,000				\$ 21,481				\$ 21,481	\$ 34,590
Ozone System	\$ 2,443		\$ 4,529						\$ 4,529	\$ 4,529
Pavers Cleaning (Deck,Tile)	\$ 3,500		\$ 7,341						\$ 7,341	\$ 17,556
Pool & Spa Plaster Finish	\$ 12,000				\$ 32,221				\$ 32,221	\$ 51,884
Pool Filter #1 (North)	\$ 3,500	\$ 7,341						\$ 9,398	\$ 16,739	\$ 26,954
Pool Filter #1 (North) Motor	\$ 1,350	\$ 2,832						\$ 3,625	\$ 6,457	\$ 10,397
Pool Filter #1 (North) Pump	\$ 700	\$ 1,468						\$ 1,880	\$ 3,348	\$ 5,391
Pool Filter #2 (South)	\$ 3,500	\$ 7,341						\$ 9,398	\$ 16,739	\$ 26,954
Pool Filter #2 (South) Motor	\$ 1,720						\$ 3,608		\$ 3,608	\$ 8,628
Pool Filter #2 (South) Pump	\$ 700	\$ 1,468					\$ 1,880	\$ 3,348	\$ 5,391	
Pool Heater	\$ 8,372						\$ 20,365		\$ 20,365	\$ 60,184
Pool Tile Repair	\$ 4,000		\$ 8,390						\$ 8,390	\$ 20,064
Spa Filter	\$ 3,500		\$ 6,331				\$ 7,341		\$ 13,672	\$ 27,897
Spa Filter Pump	\$ 1,057				\$ 2,329				\$ 2,329	\$ 7,098
Spa Heater	\$ 8,648		\$ 16,033		\$ 18,140				\$ 34,173	\$ 81,723
Spa Safety Shutoff Switch	\$ 1,259				\$ 2,641				\$ 2,641	\$ 6,316
Spa Therapy Pump	\$ 2,500				\$ 6,713				\$ 6,713	\$ 10,810
Spa Tile Repair	\$ 1,500		\$ 3,146						\$ 3,146	\$ 7,524
Oven	\$ 1,075								\$ 0	\$ 1,762

Reserve Expenses 2045 to 2055

Paint Ramada	\$ 1,180													\$ 2,475	\$ 2,475	\$ 5,919
Ramada Electric Update	\$ 5,000													\$ 10,488	\$ 10,488	\$ 10,488
Ramada Fascia Board & Paint	\$ 6,000		\$ 10,852											\$ 13,223	\$ 24,075	\$ 40,292
Ramada Roll-down Curtains	\$ 12,000	\$ 25,171													\$ 25,171	\$ 25,171
Ramada Tar Paper Roof	\$ 3,000												\$ 6,293	\$ 6,293	\$ 10,638	
Refrigerator	\$ 800													\$ 1,678	\$ 1,678	\$ 2,837
Sink hot water and drainage	\$ 2,150												\$ 4,510	\$ 4,510	\$ 7,624	
Ramada Heaters (radiant)	\$ 6,243												\$ 11,574	\$ 11,574	\$ 11,574	
Total Reserve Expenses		\$ 49,333	\$ 62,510	\$ 33,344	\$ 5,693	\$ 20,978	\$ 52,999	\$ 68,646	\$ 32,008	\$ 48,577	\$ 28,263	\$ 30,933	\$ 433,284			\$ 831,799

Reserve Fund Disclosure Summary

This form is provided as a means of disclosing the level of deficiencies (if any) in the Association's reserves expressed on a per unit basis. This form meets the requirements of the State of California Davis-Stirling Act (Civil Code §§ 4000 – 6150) requiring that a reserve summary accompany the Association's annual budget report.

Villa Monterey - Unit III

Assessment and Reserve Funding Disclosure Summary — Fiscal Year 2025

- For the year 2024, the regular assessment per ownership interest is \$649. The current number of units or owners in the association is 124. The Operations Expenses (OPEX) annual inflation is estimated to be 2.50% per year. The Reserve or Capital Expenses (CAPEX) annual inflation is estimated to be 2.50% per year.
- If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found within the attached report or summary.
- If approved by the board or members, the following annual maintenance assessments will assure adequate income to meet current and future expenses. In addition to annual maintenance or special assessments, the following new or existing loans will supplement annual income to meet current or future

Year	Total Amt of Annual Maintenance (Dues)	Percent Increase	Amount of Ownership Interest
2025	\$ 80,476	0.0%	\$ 649
2026	\$ 80,476	0.0%	\$ 649
2027	\$ 80,476	0.0%	\$ 649
2028	\$ 80,476	0.0%	\$ 649
2029	\$ 88,524	10.0%	\$ 714

Origin Year	Loan Amount	Term of Loan	Annual Payment

- If they have been approved by the board and/or members, regardless of purpose, the following table are special assessments that have been scheduled to be imposed or charged:

Assessment Date (Year)	Total Amount of Assessment	Amount of Ownership Interest	Purpose

- Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes No

- If the answer to Number 5 (above) is 'No', these additional assessments or other contributions to reserves are necessary to ensure that sufficient reserve funds will be available each year during the next 30 years:

Assessment Date (Year)	Total Amount of Assessment	Amount of Ownership Interest	Purpose

- All major components are included in the reserve study and are included in its calculations.
- Based on the method of calculation described in Number 9. b)... below... the estimated reserve fund balances for each of the next five budget years is shown in the following table:

Year	Start of Year Reserve Fund Balance	Percent Funded at Start of Year	Estimated Operations Expenses	Estimated Structural Integrity (SI) Reserve Expenses	Est Non-Structural Integrity (Non-SI) Reserve Expenses	Total Estimate of All Reserve Expenses	Estimated Contribution to Reserve Fund	End of Year Reserve Fund Balance
2025	\$ 62,871	59%	\$ 72,521	\$ 0	\$ 14,745	\$ 14,745	\$ 27,213	\$ 75,339
2026	\$ 75,339	67%	\$ 74,334	\$ 0	\$ 33,047	\$ 33,047	\$ 25,649	\$ 67,941
2027	\$ 67,941	68%	\$ 76,192	\$ 0	\$ 1,714	\$ 1,714	\$ 23,643	\$ 89,869
2028	\$ 89,869	75%	\$ 78,097	\$ 0	\$ 14,212	\$ 14,212	\$ 22,176	\$ 97,834
2029	\$ 97,834	77%	\$ 80,049	\$ 0	\$ 18,137	\$ 18,137	\$ 28,431	\$ 108,128

If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance for each of the next five years will be as shown in this table.

- For the purposes of preparing this summary:
 - "Major component" means those components that the association is obligated to repair, replace, restore, or maintain. Unless otherwise indicated in the reserve study, the major components, as of the date of the study, have a remaining useful life of less than 30 years.
 - The amount of reserves needed to be accumulated for a component at a given time is computed as the current cost of replacement or repair, multiplied by (1 + the CAPEX inflation rate), multiplied by the number of years the component has been in service, divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.
 - "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require repair, service or

Appendix

Terms and Definitions

A reserve study contains a number of industry-related terms and phrases. The following are definitions for the most used terms.

- Annual Reserve Contribution
 - A regular amount of money that is set aside or is a line item in the Association's (or HOA's) budget to add to the reserve fund to cover the depreciation expenses associated with the reserve components.
- Annual Reserve Fund Contribution
 - Amount that should be saved during the current year for future component replacements. Provided for each component and summed for all components.
- Baseline Funding
 - Establishing a reserve funding goal of keeping the reserve cash balance above zero. See Funding Models.
- Cash Flow Method (aka, Component Method)
 - The preferred method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.
- Component
 - Also referred to as an "Asset." Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are:
 1. Association responsibility
 2. Have limited useful life expectancies
 3. Have predictable remaining life expectancies
 4. Are above a minimum threshold cost
 5. Required by local codes.
- Component Inventory
 - The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of established association precedents and discussion with appropriate association representative(s) of the association or cooperative.
- Contingency
 - An allowance for miscellaneous components, unpredictable expenses and/or costs that were higher than expected.
- Deficit
 - An actual (or projected reserve balance), which is less than the fully funded balance.
- Full Funded Balance Percent
 - The reserve balance expressed as a percentage of the total fully funded balance of all components.
- Full Funding
 - A fully funded reserve is one where the funding goal is set to attain and maintain the reserves to provide a stable cash flow to replace each common element when it reaches the end of its life without waiving or deferring the maintenance or the funding.

- Fully Funded Balance

The Fully Funded Balance as used in reserve studies is an indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total and represents the total depreciation over the life of the components. In other words, the amount that should have been saved during the life of the components. Without considering the effect of inflation, the calculation for FFB is:

$$FFB = \frac{\text{Current Cost} \times \text{Effective Age}}{\text{Useful Life}}$$
 - A 100% FFB does not imply that the association or the reserve fund is fully funded.
- Fund Status
 - The status of the reserve fund as compared to an established benchmark, such as percent funded.
- Funding Methods
 - Two methods of funding are Cash Flow and Straight Line.
 - Cash Flow: The reserve fund is considered one large pool of money. Expenses for any individual component are withdrawn from the single, shared reserve fund.
 - Straight Line: A simple calculation that calculates a reserve contribution based on each individual component. Expenses for any individual component are withdrawn only from that component’s fund. Funds are not shared across multiple components.
- Funding Models
 - The four funding models are:
 - Fully Funding Model: Setting a reserve funding goal of keeping the reserves at or near 100% of FFB. This is same as Threshold Funding if the threshold is set at 100%.
 - Threshold Funding Model: Setting a Reserve funding goal of keeping the Reserve balance above some threshold, generally less than the Fully Funding Strategy.
 - Baseline Funding Model: Setting a reserve funding goal of keeping the reserve cash balance at the end of each year in the overall reserve funding projection at or above \$ 0.
 - Statutory Funding Model: Based on local statutes where associations set aside specific cash amounts, or specific thresholds are set, as required by statutes.
- Funding Plan
 - An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund.
- Inflation
 - Inflation is the decline of purchasing power of a given currency over time. A quantitative estimate of the rate at which the decline in purchasing power occurs can be reflected in the increase of the average price level of a basket of selected goods and services in an economy over some period. The rise in the general level of prices, often expressed as a percentage, means that a unit of currency effectively buys less than it did in prior periods.
 - Two types of inflation are used in this analysis:
 1. Reserve Item Expense Inflation: Sometimes referred to as CAPEX (Capital Expenses) inflation. CAPEX inflation generally runs higher than OPEX inflation and is commonly tied to the Construction Cost Index (CCI). This index is published by various major construction firms and is a good measure for long-term construction and capital equipment costs. Reserve Item expenses tend to be capital equipment related.
 2. Operating Expense Inflation: Generally referred to as OPEX inflation. OPEX inflation is commonly tied to the Consumer Price Index (CPI) although in reserve studies this value will generally be slightly lower than the CPI as some components which make up the CPI are not typically part of what an HOA or community association will experience. E.g., the price of food. Operating expenses tend to be service related.

- Percent Funded
 - The ratio, at a particular point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.

Percent funding is used a measure of the “health” of the reserve fund. As one of several key performance indicators, the percent funding must be viewed considering other indicators, such as available funds to meet expenses.

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 - The measures of strength for percent funded of the FFB are:
 - 0% – 30% Funded: Generally considered to be a “weak” financial position. Associations that fall into this category are subject to higher frequencies of special assessments and deferred maintenance.
 - 31% – 69% Funded: Considered a “fair” financial position. Compared to the “weak” position, the likelihood of special assessments and deferred maintenance is diminished. Associations that find themselves in this position should be taking measures to strengthen their position.
 - 70% – 99% Funded: This range is considered a “strong” financial position. Associations should strive to maintain their percent funded in this range.
 - 100% Funded: If the association is 100% funded, theoretically they have the exact amount of funds equal to the Fully Funded Balance
 - Greater than 100% Funded: If in this situation, the association has more than the Fully Funded Balance. The impact to the community is that the members annual payments are likely more than is required to meet annual expenses.
- Projected Start-of-Year or End-of-Year Reserve Balance
 - Projected reserve balance at the start of the fiscal year or end of the fiscal year. Calculated using the estimated reserve balance, contributions to reserves before year-end, and planned expenses before year-end.
- Recommended Reserve Contribution
 - Recommended amount that the association should allocate into reserves to offset future expenses. This is frequently and incorrectly classified as an expense item in the association’s budget. This is not an expense item. It should be considered a goal or objective.
- Remaining Useful Life
 - Expected remaining useable life of component. (0-year remaining life means the component will be serviced in the upcoming fiscal year)
- Replacement Cost
 - The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.
- Replacement Year
 - Year that component is projected to be replaced or repaired.
- Reserve Balance
 - Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.
- Reserve Contribution
 - A regular amount of money that is set aside or is a line item in the Association’s (or HOA’s) budget to add to the reserve fund to cover the depreciation expenses associated with the reserve components.
- Reserve Study
 - A long-term capital budget planning tool which identifies the current status of the reserve fund and a stable and equitable funding plan to offset ongoing deterioration, resulting in sufficient funds when those anticipated major common area expenditures actually occur. A reserve study is in essence a planning tool designed to help the board anticipate, and prepare for, the property’s major repair and replacement projects.

- Special Assessment
- Statutory Funding
- Structural Integrity Reserve Study (SIRS)
- Threshold Funding
- Useful Life
- An assessment levied on the members of an association in addition to regular assessments. Special assessments are often regulated by governing documents or local statutes.
- Establishing a reserve funding goal of setting aside specific minimum amounts of reserves required by local statutes
- A Structural Integrity Reserve Study (SIRS) is a newly developed form of reserve study, required by Florida Statue SB 4D that is designed to ensure that Condo Owners Associations are reserving funds for the long-term maintenance and necessary replacement of critical structural elements in their buildings.
- Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.
- Typical useable life for a component.

Funding Methodologies

Cash Flow Methodology

The Cash Flow Reserve Funding methodology is used in this analysis as it allows reserve funds to be used efficiently and evenly spreads costs among the community owners over the years.

- The reserve fund is considered one large pool of money.
- Contributions are established by testing and retesting different contribution rates until the desired funding objective is achieved.
- Encourages the use of threshold levels to test various funding strategies with respect to funding requirements.
- May increase risk of underfunding and special assessments, but this is mitigated by understanding of component costs and useful life, setting reasonable threshold funding levels and careful analysis of annual cash flows
- Typically, results in a lower rate of reserve contributions as the funds can be used more efficiently; and the contributions are more evenly spread over the years.

Threshold Funding Model

The Threshold Funding strategy is employed with a threshold, or goal, of keeping the reserve balance above a specified percent funded amount. Use of this strategy requires examining the estimated annual reserve component costs against the anticipated reserve balance to assure that costs do not exceed available funds. The Threshold Funding Strategy consists of setting a reserve funding goal of keeping the reserve balance above some threshold, generally less than the Fully Funding Model.

- The Threshold Funding strategy reduces the annual contribution (compared to Full Funding) for maintaining the reserve. The threshold funding strategy must be used rationally to ensure that under funding does not occur in any years. It also requires careful analysis of expenses and funding over all the years. A key benefit is that it reduces the annual contribution to the reserve fund compared to the Full Funding strategy.

Performance Indicators

Two key performance indicators used in this analysis are “Fully Funded Balance” and “Percent Funded”.

The Fully Funded Balance of all reserve components are individually determined and summed together. Each component’s FFB is determined for each year using the following formula:

$$FFB = \frac{\text{Current Cost} \times \text{Effective Age}}{\text{Useful Life}} \times (1 + \text{Inflation Rate})^{\text{Effective Age}}$$

$$\text{Where: } \text{Effective Age} = \text{Useful Life} - \text{Remaining Useful Life}$$

The Percent Funding for each year in the analysis is computed using the following formula:

$$\% \text{ Funded} = \frac{\text{Estimated Reserve Fund Balance}}{\text{Estimated Fully Funded Balance}}$$

All future cost estimates are based on the current costs with provision for inflation. The reserve fund and contingency fund balance is assumed to earn interest at the rate provided by the association.